FOR USE IN NEW YORK
FRANCHISE DISCLOSURE DOCUMENT

Restoration Specialties Franchise Group, LLC

A Michigan limited liability company
12001 Levan Road
Livonia, Michigan 48150
1-888-826-9429
info@prismspecialties.com
www.prismspecialties.com

We franchise the right to operate a franchised business under the name Prism Specialties (the "Franchised Business"), under which you may offer two or more of the following Service Lines:

(A) "Art Services" refers to the offering for sale services and related products for the recovery, repair and restoration of artwork and collectables, including paintings, frames, works on paper, photographs, sculptures, murals, mosaics, decorative arts, and other similar collectables for both residential and commercial consumers using state-of-the-art fire and disaster recovery technologies; and/or

(B) "Electronic Services" refers to the offering for sale services and related products for the recovery, repair and restoration of electronic equipment and data for both residential and commercial consumers using state-of-the-art fire and disaster recovery technologies; and/or

(C) "Textile Services" refers to the offering for sale services and related products for the recovery, repair and restoration of fabric, clothing and textiles using state-of-the-art fire and disaster recovery technologies; and/or

(D) "Document Services" refers to the offering for sale services and related products for the recovery, repair and restoration of documents using state-of-the-art fire and disaster recovery technologies.

The total investment necessary to begin operation of a Franchised Business is: (a) from $369,143 to $551,606 for all Service Lines; (b) from $269,614 to $433,469 for two Primary Service Lines; and (c) $167,208 to $315,912 for one Primary Service Line. Documents is only offered with the purchase of a primary Service Line, and any associated costs for Documents are included in the ranges disclosed for one, two, or three Primary Service Lines; $137,500 - $146,030 for two Primary Service Lines; and $82,000 - $115,130 if offering one Primary Service Line. If you are signing a Franchise Agreement for fewer than all three Service Lines, the initial fees you must pay to the Franchisor, or an affiliate vary depending on the Service Line added.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement

with, or make any payment to, us or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information on franchising.

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Michelle Justavino at 12001 Levan Road Livonia, Michigan 48150, 1-888-826-9429, or Michelle.Justavino@prismspecialties.com.

There may also be laws on franchising in your state. Ask your state agencies about them.

The Issue Date of this Franchise Disclosure Document ("FDD") is: March 11, 2022

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Prism Specialties Business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchise have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends that franchise or has verified the information in this document. To find out if your state has registration requirements, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The Franchise Agreement requires you to resolve disputes with the Franchisor by mediation and/or litigation only in the city of our national headquarters (currently Livonia, Michigan). Out-of-state mediation and/or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate and/or litigate with the Franchisor in Michigan than in your own state.
2. **Mandatory Minimum Payments**. You must make minimum royalty and other payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise, and loss of your investment.
3. **Supplier Control**. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
4. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

NOTICE REQUIRED
BY
STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, "RSFG" "we" or "us" means Restoration Specialties Franchise Group, LLC, the franchisor of this business. "You" or "Franchisee" means the person who buys the franchise and includes your owners if you are a corporation or other business entity.

The Franchise

We franchise the right to operate a franchised business offering the following Service Lines under the proprietary marks we designate (each a "Franchised Business"):

(A) "Art Approved Services" or "Art Services" refers to the offering for sale services and related products for the recovery, repair and restoration of artwork and collectables, including paintings, frames, works on paper, photographs, sculptures, murals, mosaics, decorative arts, and other similar collectables for both residential and commercial consumers using state-of-the-art fire and disaster recovery technologies; and/or

(B) "Electronic Approved Services" or "Electronic Services" refers to the offering for sale services and related products for the recovery, repair and restoration of electronic equipment and data for both residential and commercial consumers using state-of-the-art fire and disaster recovery technologies; and/or

(C) "Textile Approved Services" or "Textile Services" refers to the offering for sale services and related products for the recovery, repair and restoration of fabric, clothing and textiles using state-of-the-art fire and disaster recovery technologies; and/or

(D) "Document Approved Services" or "Document Services", refers to the offering for sale services and related products for the recovery, repair and restoration of documents using state-of-the-art fire and disaster recovery technologies.

Collectively "Art Approved Services", "Electronic Approved Services", "Textile Approved Services" and referred to as "Primary Service Lines". Together the "Primary Service Lines" and "Document Approved Services" are referred to as the "Approved Service Lines".

If we, in our sole business judgment, accept you as a franchisee, you will develop and operate the Franchised Business offering the services for which you are approved, pursuant to the terms and conditions of the Franchise Agreement. You will be required to sign a Franchise Agreement for the provision of all available Primary Service Lines in the Primary Area of Responsibility (a "PAR", see Item 12). If you are an existing franchisee offering one or more Service Lines and wish to add an additional Service Line, we may enter into a new Franchise Agreement or addendum to your existing franchise agreement pursuant to which if approved you will be permitted and obligated to incorporate the additional Service Line.

Under the terms of your Franchise Agreement, you will use the trademarks and service marks we designate (the "Trademarks") during the term in connection with the operation of the Franchised Business. We may change, replace and/or alter the Trademarks at any time during the term of your Franchise Agreement on notice to you and you will be required to comply with all designated changes. You must operate the Franchised Business following the RSFG franchise system (the "System"), which may include distinctive services and products, designated and approved suppliers, sales and business techniques, operational guidelines, initial and ongoing training programs, and procedures in accordance with our specified standards and procedures. As stated above, you will enter into a Franchise Agreement (attached as Exhibit C) for your Franchised Business (or, in the case of an existing franchisee incorporating an

additional Service Line, an addendum to the existing franchise agreement), which will designate the Service Lines you are authorized and obligated to provide (the "Approved Restoration Services").

The Approved Service Lines all have multiple Service Levels, with the exception of Textiles. All Franchisees are automatically approved to perform Service Level 1 (sometimes referred to as "Tier 1") claims after their successful completion of Initial Training for any Service Line they are approved to service. Service Levels are set by the complexity and scope of the restoration to be performed (collectively referred to as "Service Levels"). You may only offer services for the Service Levels that you have been approved to offer.

In addition to signing the Franchise Agreement, you must also sign the "Add-On Services Addendum" in the form we designate (a current copy is attached to the Franchise Agreement, Exhibit C to this Disclosure Document), which will designate which Service Lines you are approved to offer.

Art Services

If you offer Art Approve Services, you will use state-of-the-art fire and disaster recovery technologies for the cleaning, repair and restoration of artwork and collectables, including paintings, frames, works on paper, photographs, sculptures, murals, mosaics, decorative arts, and other similar collectables ("Artwork and Collectables") for both residential and commercial consumers (this process is referred to as "Art Restoration").

Your skillset will determine what Service Levels you are approved to provide, which may include cleaning, repair, restoration, and/or conservation. Should you encounter Artwork and Collectables that require services beyond your approved Service Level, or that carry an art insurance rider, you must contact us for approval prior to performing services on those items. We may approve you to service the Artwork and Collectables with or without assistance, or we may require you to refer the items to a location that has the appropriate Service Level approval for servicing that item. Considerations for approval include items such as training, education, certifications, years of experience, and other similar criteria. We also may require that you complete additional training for more complex items. Considerations for approval to additional Service Levels will be available in our Operation Manual and may be periodically updated.

Electronic Services

If you offer Electronic Approve Services, you will use state-of-the-art fire and disaster recovery technologies for the recovery, repair and restoration of electronic equipment, data services, and related services, primarily for residential claims.

For any commercial claims, you must contact us for approval prior to servicing any commercial claim above the Service Level for which you are approved to service. We may approve you to service the commercial claim with or without assistance. Considerations for approval include items such as staffing, available equipment, experience, and your financial qualifications. We also may require that you complete additional training for more complex jobs. Considerations for approval to service commercial claims are in our Operations Manual and may be periodically updated.

Textile Services

If you offer Textile Services, you will use state-of-the-art fire and disaster recovery technologies and eco-friendly products, for the recovery, repair and restoration of fabric, clothing and textiles damaged from fire, smoke, water, or mold ("Textile Restoration").

Document Services

If you offer Document Services, you will use state-of-the-art fire and disaster recovery technologies for the recovery, repair, and restoration of documents.

The Franchisor and any Parents, Predecessor and Affiliates

We are a Michigan limited liability company formed in March 2012, which since January 2015 has been owned by the LEO GUSFA IRREVOCABLE TRUST F/B/O LIVIANA CAPATINA dated March 28, 2014, LEO GUSFA IRREVOCABLE TRUST F/B/O CHRISTIAN CAPATINA dated March 28, 2014 and LEO GUSFA IRREVOCABLE TRUST F/B/O ALEXANDREA CAPATINA dated March 28, 2014.

We do business under our corporate name and the names "RSFG", "Prism Specialties", "Prism Art", "Prism Electronics", "Prism Documents", and "Prism Textiles". We formerly did business under the names "ART", "Art Recovery Technologies", "ERS", "Electronic Restoration Services", "TEX", "Textile Extraction Xperts", "DFD", or "Document Restoration Services". Our principal business address is 12001 Levan Road, Livonia, Michigan 48150, 1-888-826-9429, www.prismspecialties.com.

Our agents for service of process are listed in Exhibit A to this Disclosure Document. We are in the business of administering franchise systems.

We began granting franchises for the right to open and operate Franchised Businesses offering: (a) Art Services in July of 2016; (b) Electronic Services in April 2012; (c) Textile Services under a test program in 2019 with the formal franchise offering launched in March 2021; and (d) in September of 2021, we rebranded to operate Electronic, Art, Textile and Document services all under the Prism Specialties tradename. As of December 31, 2021, we have: (a) 60 franchisees offering ART Services; (b) 70 franchisees offering Electronic Services; and (c) 18 franchisees offering Textile Services. All franchisees are permitted to offer Tier 1 Document Services.

We have no parent company or predecessors. As of the date of this Disclosure Document, we do not and have not conducted any businesses of the type being franchised nor s in any other line of business other than as specified in this Item 1 (although we reserve the right to do so in the future). We formerly offered Art Recovery Technology franchises under a separate Disclosure Document from July 2016 to March 2021. We formerly offered Electronic Restoration Services franchises under a separate Disclosure Document from April 2021 to March 2021.

As of the date of this Disclosure Document, we have four (4) Affiliated Companies. Each of these four (4) Affiliates may provide certain goods or services to our franchisees. A description of the business operations of these four (4) Affiliates is outlined below. Our affiliates do not conduct business in any other line of business, nor have they conducted business in any other line of business except as specified in this Item 1. As of the date of this Disclosure Document none of our affiliates offer franchises in any line of business but may do so in the future.

- Art Recovery Technology, Inc. ("ART Inc."). ART Inc., dba Prism Specialties Art of Southeast Michigan, is a Michigan corporation formed and began operating a business similar to the one offered by this Disclosure Document in May 2001, located at 12017 Levan Road, Livonia, Michigan 48150. ART Inc. also has operated other affiliate locations as noted in Item 20 In addition, ART, Inc., will provide a variety of goods and services to our franchisees, including higher Service Levels, until the franchisee is qualified to perform such services. It formerly had satellite offices in Columbus, Ohio, Cleveland, Ohio Grand Rapids, MI, and Indianapolis, Indiana. As explained in Item 13, ART Inc owns the ART Trademarks and has licensed them to us for use.
- Electronic Restoration Services, Inc. ("ERSI"), dba Prism Specialties of Southeast Michigan, a Michigan corporation, was formed on November 17, 1993. ERSI's principal place of business is 12001 Levan Road, Livonia MI 48150. ERSI performs recovery, and restoration of electronic equipment and data for both residential and commercial consumers. As explained in Item 13, ERSI owns the ERS and DFD Trademarks and has licensed them to us for use.

ERSI also operates a second division, which does business as Document Restoration Services dba DFD (referred to as "DFD"). DFD commenced operations in September 2009. DFD's principal place of business is 11847 Levan Road, Livonia, Michigan 48150. DFD provides restoration and recovery services of documents damaged by flood, fire, and other perils including the restoration and recovery of medical records, x-ray film, electronic media, books, files, and other types of documents ("Document Restoration").

- ERS Depot, LLC, a Michigan Limited Liability Company was formed on April 9, 2012. ERS Depot's principal place of business is the same as ours. ERS Depot will provide a variety of goods and services to our franchisees including chemicals, print materials and vehicle logos.
- Textile Extraction Xperts, LLC, dba Prism Specialties Textiles of Southeast Michigan, is a Michigan Limited Liability Company was formed on March 29, 2019. TEX's principal place of business is the same as ours. Textile Extraction Xperts, LLC., provides the restoration of clothing and other textiles.

The Market and Competition

Your Franchised Business will compete with other businesses offering restoration services, including independent businesses, restoration and recovery franchises, and other similar businesses. You may also encounter competition from other System franchises, and other businesses that we or our affiliates own or control.

You will primarily market to insurance restoration contractors, restoration specialty cleaners, insurance claims offices, insurance adjusters, and independent adjusters. The market competition may vary from one geographic area to another but generally is considered well-developed as insurance companies increasingly focus on restoration options. The services provided by the Franchised Businesses are not seasonal in nature. Your competitive advantage will be based on your compliance with our System standards, your focus on customer service, and your managerial and entrepreneurial abilities.

Industry Specific Regulations, Licenses and Permits

The Franchised Business will be subject to various federal, state, and local government regulations regulating business as generally. You must comply with all laws that apply to businesses, including laws regulating the storage and/or disposal of waste, solvents, chemicals, and professional cleaning products, consumer protection, operations, and licenses (including, without limitation, all government regulations relating to occupational hazards and health-trade regulations, worker's compensation, and unemployment insurance). There may be other laws that apply to the Business, and you should investigate these laws. It is your sole responsibility to obtain and keep in force all necessary licenses and permits required by public authorities.

ITEM 2

BUSINESS EXPERIENCE

Chris Ring: President & Chief Executive Officer (CEO)

Mr. Ring has served as our CEO in Livonia, Michigan since July 2020, and has also served as our President since January 2018. From March 2016 to January 2022 Mr. Ring was also a Franchise Owner of Square Home Services dba 360 Painting, LLC., located in Ann Arbor Michigan.

Susan Kuchta: Vice President of Sales and Strategy

Ms. Kuchta has served since July 2019 as our Vice President of Sales and Strategy in Livonia, Michigan. Prior to this, Ms. Kuchta previously served ACTEGA, a division of Altana, located in Delran, NJ, as Vice President of Global Segment Head, Labels from January 2016 to March 2019.

Michelle Justavino: Vice President of Business Administration

Ms. Justavino has served as Vice President of Business Administration since July 2020. Prior to this, she served us as Director of Franchise Administration from March 2012 to July 2020. Ms. Justavino directs our Training Program.

Kaneallia Parsons: Director of Operations

Ms. Parson has served us Director of Operations since October 2021. Prior to this, she served us as Senior Business Consultant from January 2018 to October 2021 and as Business Consultant from May 2014 to January 2018.

Melissa McClain: Marketing Director

Ms. McClain has served since October 2019 as our Director of Marketing in Livonia, Michigan. From January 2013 to October 2019 Ms. McClain previously served Neighborly as (i) Marketing Manager from January 2013 to March 2019 and as (ii) Marketing Director from March 2019 to October 2019, in Ann Arbor, MI.

Nancy Haverty: Director of Franchise Development

Ms. Haverty has served us since November 2019 as Director of Franchise Development in Livonia, Michigan. Prior to this Ms. Haverty served with Neighborly, as Franchise Developer and Consultant, located in Ann Arbor, Michigan from April 2014 to November 2019.

James Copeland, Director of Technical Services

Mr. Copeland has served as Director of Technical Services since April 2021. Prior to this, he served us as Business Consultant from August 2018 to April 2021, and as Applications Engineer from December 2013 to August 2018.

Leo Gusfa: Sole Manager of RSFG

Mr. Gusfa is the sole Manager of RSFG located in Livonia, Michigan since its inception in 2012. He formerly served as our Vice President and Electrical Engineer from March 2012 to February 2018.

Mr. Gusfa also serves as Chief Executive Officer and Chief Electrical Engineer for ERS, Inc., Art Recovery Technologies, Inc., and ERS Depot, Inc., from February 2018 to the present, and for Textile Extraction Xperts, LLC., from March 2019 to the present, all located in Livonia, Michigan. He formerly served Art Recovery Technologies, Inc., and ERS Depot, Inc as their Vice President and Electrical Engineer from March 2006 to February 2018.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee

Except as noted below, you must pay to us an Initial Franchise Fee when you sign the Franchise Agreement for a PAR that consists of 1,500,000 in population to 2,000,000 in population. You are required to enter into a Franchise Agreement for the provision of all Service Lines available in the PAR. The Initial Franchise Fee is $85,000 for all Service Lines. In certain circumstances where all Primary Service Lines are not available in a market, we may reduce the Initial Franchise Fee by $17,500 for each Primary Service not available. We reserve the right to charge more if a PAR is greater than the standard population size. There is no additional Franchise Fee for Document Services if you are approved to offer the services and purchase at least one Primary Service Line. We reserve the right to reduce the Initial Franchise Fee for rural, secondary markets, and/ or for conversions of existing businesses that offer similar services.

The Initial Franchise Fee is paid in consideration of the costs incurred by us in connection with the execution of your Franchise Agreement, as well as our lost or deferred opportunity to enter into a Franchise Agreement with other prospects. The Initial Franchise Fee is non-refundable upon payment.

Turn-Key Business Package

In addition to the Initial Franchise Fee, and except as noted below, when you sign a Franchise Agreement you also must purchase the Turn-Key Business Package, which is fulfilled by our affiliate, ERS Depot. The Turn-Key Business Package contains various products and equipment necessary for you to commence business operations, including: (i) equipment necessary to perform the approved services; (ii) software; (iii) initial inventory; (iv) office equipment and supplies; (v) vehicle decals; (vi) tools and equipment; (v) marketing supplies; and (vi) uniforms. The fee for the Turn-Key Business Package is non-refundable. We may allow substitutions if you are an existing business, already have the required products and/or equipment, and those items meet our then current quality and standards.

The cost for the Turn-Key Business Package is $96,310 for all Primary Service Lines. In the event that all Primary Service Lines are not available in a market, we may reduce the cost to reflect the Service Lines not being purchased, in which case the cost will be $65,130 for electronics, $56,600 for art (reduced to $17,780 if purchased with an electronics), and $32,000 for textiles (reduced to $13,400 if purchased with electronics or art). If this is a Transfer Business, you are not required to purchase the Turn-Key Business Package, but you will need to purchase the Transfer Package, which is $8,375.

Vet-Fran Discounted Initial Franchise Fee

We participate in the Veterans Transition Franchise Initiative (commonly referred to as "VetFran") which seeks to provide opportunities for veterans who want to be in business. If you are a veteran of the U.S. Armed Forces who has been honorably discharged, you may be eligible to receive a $2,000 discount off the Initial Franchise Fee for the first Franchise / Service Line awarded to you.

Subsequent Franchise

You may apply to develop a second Franchised Business offering the Restoration Services in a new PAR. If we approve your request and award you an additional franchise and provided that you are in compliance with your existing Franchise Agreement(s), you must pay the then-current Initial Franchise Fee and Turn-Key Business Package rates. See Item 12 for more details on the approval requirements.

In our most recent fiscal year, Franchisees paid Initial Franchise Fees ranging from $12,000 to $74,859, with the low end being for an existing location that added an additional service line, and the high end being for a single service line, in an oversized territory.

In our most recent fiscal year, Franchisees paid Turn-Key Business Package Fees ranging from $3,345 to $72,300, with the low end being for a Transfer Package, and the high end for an Electronics Service Line.

As described further in Item 10, we may finance the Initial Franchise Fee and Turn-Key Business Package Fee. Under our financing arrangement, the Initial Franchise Fee and Turn-Key Business Package Fee are paid in two installments. The first installment of $20,000 is due and payable when you sign the Franchise Agreement ($10,000 to be applied to the Initial Franchise Fee and $10,000 to the Turn-Key Business Package). If you choose to pay the Initial Franchise Fee and Turn-Key Business Package Fee in two installments, you will sign a Promissory Note (in the form attached as Appendix D to the Franchise Agreement for the remaining balance which will be due as follows: The Franchise Fee is due within thirty (30) days of signing the Promissory Note; and the Initial Package Fee is due at the earlier of: (i) four months following the date of the Promissory Note or (ii) one month prior to your attending our Initial Training Program. No interest will be assessed provided the balance is paid within 30 days of the date of the Promissory Note. If the balance is not paid within this timeframe, interest will be accessed at an annual percentage rate of 9.9%. We reserve the right not to order or ship the Turn-Key Business Package until payment has been made in full.

Except for any amounts financed as noted above and in Item 10, all fees disclosed in this Item 5 are earned by us upon receipt and are non-refundable.

ITEM 6

OTHER FEES

Type of Fee (Note 1)	**Amount**	**Due Date (Note 2)**	**Remarks**
Royalty Fee	7% of Gross Sales (Note 3). After year 1, the minimum amount is 7% of Gross Sales or the monthly minimum amount (note 4).	Except as noted below, remitted weekly on Wednesday for the preceding week of collected revenue	Via EFT Transfer. In certain circumstances we may collect a Minimum Monthly Royalty from you. See Note 4.
National Marketing Fund Fee	2% of Gross Sales (Note 3)	Weekly, remitted on Wednesday for the preceding week of collected revenue.	Via EFT Transfer. See Note 5.
National Account	1% of Gross Sales or our costs to administer. (Note 3)	Weekly, remitted on Wednesday for the preceding week of collected revenue.	Due only if the job is part of a National Account that we manage. Via EFT Transfer.
Cooperative Advertising	The greater of 1% of Gross Sales or $5,000 per year. (Note 3)	Monthly, as negotiated with third party suppliers.	If we designate a local advertising cooperative, you must participate in the cooperative. See Note 6.

Type of Fee (Note 1)	**Amount**	**Due Date (Note 2)**	**Remarks**
Local Marketing	In each PAR, the greater of 5% of Gross Sales or $12,000 in your first year of business, and the greater of $20,000 or 5% (capped at $50,000) in years two or more. Recommended not required.	Monthly, as negotiated with third party suppliers.	Includes all sales & marketing expenses incurred at a local level. Does not include sales & marketing personnel (including but not limited to wages, bonuses, commissions, and benefits.)
Insurance	Cost of Insurance	As required by insurer	If you fail to obtain insurance coverage, we may but are under no obligation to obtain coverage on your behalf and you must reimburse us for all costs and expenses, we incur in doing so.
Technology Fee	Then current fee, presently $237 per week. Additional licenses may be requested, depending on type, the current fee range is from $1-$5 per week. (Note 7).	Weekly	Payable at the same time as the Royalty Fee. Additional licenses are at your request. Includes access to our Software, Xactimate, and an automated Customer Service management system. We reserve the right to vary the cost based on the services that you request.
iCat Software	The current fee is $750 to set-up and then $250 due monthly.	Monthly to the third-party supplier	Currently applies to Textiles.
Transfer Fee	Then current transfer fee, currently $10,000 per Franchise Agreement.	As incurred	No Transfer fee due if the Transfer is to an entity controlled by you. However, you must pay a $500 administrative fee.
Renewal Fee	You must pay us a renewal fee equal to $10,000 total for all agreements being renewed at the same time.	At time of renewal	Due if you elect to renew the franchise, sign the then current Franchise Agreement, and sign a Release. Each term is for a period of ten (10 years).
Conference Fee and Refresher Training Fees	Then current price, currently $250 per person per day. If you fail to attend at least one meeting per year, we may assess you a fee of $1,000.	Annually	To cover the cost of the conference. Non-attendance fee only applies if you fail to attend as required. Does not include hotel, transportation, or all meals.

Type of Fee (Note 1)	Amount	Due Date (Note 2)	Remarks
Training	The initial training for up to 3 people is included in the Initial Franchise Fee; cost of additional training is up to $1,250 per person per week and will vary under the circumstances. It also includes either Sales Training for one person in-person (preferred method) or two people online. Cost of additional Sales Training is $1,950 per person if online and $4,350 per person if in person (preferred method). Does not include hotel, transportation, or most meals.	As incurred	You must pay all travel and living expenses while attending any training programs, as well as any applicable wages or fringe benefits to employees. You will pay those charges directly to third parties. See Note 8 for more information on training.
Requested Assistance, or Temporary Management Assistance	Currently estimated between $500 and $1,500 per day.	Upon demand. See the Operations Manual	Payable if you request our assistance; if an audit shows a significant operational deficiency, if you breach the Franchise; and/or following the death or incapacity of the franchisee, and we deem it necessary to operate the Business on your behalf.
Interest/Late Fees/NSF Fees	Interest: 18% per annum or the highest rate allowed by law. Late Fee: minimum of $25 per occurrence, per day. NSF Fee: currently $37 per payment returned by the bank for non-sufficient funds.	Upon demand	Applies to all overdue fees/payments and reports you owe to us, or for an NSF. Also applies to any understatement in amounts revealed by an audit or otherwise. See Note 9.
Audits	100% of understated royalty, plus interest at the maximum rate allowable by law (not to exceed 18% per year), as well as the cost of the audit.	Upon demand	See Note 10.
Non-compliance Fees	If you are not compliant with Franchise Agreement, in an addition to any other remedies, there is a non-compliance fee of up to $1,000 per occurrence.	As incurred	See Note 11.
Costs and Attorneys' Fees	Will vary under the circumstances	As incurred	See Note 12.

Type of Fee (Note 1)	Amount	Due Date (Note 2)	Remarks
Indemnification	Will vary under circumstances.	As incurred	See Note 13.

Unless otherwise disclosed below, all fees are uniformly imposed and collected.

Notes:

(1) The table above provides recurring or isolated fees or payments that you must pay to us or our affiliates or that we or our affiliates impose or collect in whole or in part on behalf of a third party or that you are required to spend by the Franchise Agreement. All fees and expenses described in this Item 6 are nonrefundable. All fees are fully earned upon receipt.

Except for the Initial Franchise Fee, you must pay all fees and other amounts owed to us and/or our affiliates through an electronic funds transfer program (the "EFT Program"), under which we automatically deduct all payments owed to us and/or our affiliates, from the bank account you provide to us for use in connection with EFT Program (the "EFT Account"). You must immediately deposit all revenues from operation of your Business into this bank account by the Saturday of the week in which you received the monies, including cash, checks, and credit card receipts. At least 10 days prior to opening the Franchised Business, you must provide us with: (i) your bank's name, address, and account number; and (ii) a voided check from the bank account. You must immediately notify us of any change in your banking relationship, including any change to the EFT Account. We reserve the right to require you to pay any fees due under by other means as we may specify from time to time. If any Gross Revenue Report has not been received within the required time period, then we may process an electronic funds transfer for the subject month based on the most recent Gross Revenue Report you submitted, provided, that if a Gross Sales Report for the subject month is subsequently received and reflects: (i) that the actual amount of the fee due was more than the amount of the electronic funds transfer, then we may withdraw additional funds through an electronic funds transfer from your designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the electronic funds transfer, then we will credit the excess amount to the payment of your future obligations.

(2) We may change any due date with 30 days written notice to you.

(3) "Gross Sales" means the aggregate of all sales and other income from the Business and any sales or other income resulting from your conduct of any business outside the Business involving the System or the Trademarks. Gross Sales includes all proceeds from any business interruption insurance, but excludes any and all sales and other taxes that you collect from customers and pay to any governmental authority. In addition, you will pay all state and local taxes, including, without limitation, taxes denominated as income or franchise taxes, that may be imposed on us as a result of our receipt or accrual of any fees or payments due from you to us (or our affiliates) under the Franchise Agreement, whether assessed against you through withholding or other means or whether paid by us directly. In either case, you will pay to us (and to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us, not been required.

(4) Following your first full year of operation, each month during the term of this Agreement, you must pay us a minimum monthly royalty fee. The Minimum Monthly Royalty is based on years of operation, the number of Primary Service Lines that you operate, and is per PAR, as outlined in the table below.

Years in business	Minimum Monthly Royalty per PAR		
	Single Primary Service Line	Two Primary Service Lines	Three Primary Service Lines
Year 1	No Minimum	No Minimum	No Minimum
Year 2	$1,050	$1,575	$2,100
Year 3	$1,275	$1,913	$2,550
Year 4	$1,425	$2,138	$2,850
Years 5 or more	$1,650	$2,475	$3,300

Should you not meet the Minimum Monthly Royalty, then we may charge you a fee for the difference (the "Shortfall"). For example, if the Minimum Monthly Royalty is $1,425 in a month, and you paid royalty of $1,000, then the minimum royalty fee would be $425 ($1,425-$1,000).

In addition, should we assess a Shortfall for three or more months in a twelve-month period, then we may also elect to establish another franchisee or affiliate in your PAR and/or allow another franchisee or an affiliate to advertise and service customers located inside your PAR.

The Minimum Monthly Royalty applicable to the Business you operate may vary from the performance standards applicable to other RSFG Franchised Businesses due to geographic area and other variables. We reserve the right to adjust the Minimum Monthly Royalty requirement for oversized PARs.

There is no additional minimum revenue requirement for Document Services.

(5) You must pay us a national marketing fund contribution to our national marketing fund (the "National Marketing Fund") of two percent (2%) of your total Gross Sales each month (the "National Marketing Fund Contribution") in the same manner as you are required to pay your Royalty Fee. Please see Item 11 of this disclosure document for additional information regarding the Fund and your other advertising/marketing obligations.

(6) As further described in Item 11, we may designate a local advertising market and require you to contribute to, and participate in, an advertising cooperative. Each Franchisee will be a member of the advertising cooperative, regardless of the Service Lines offered. Each Franchised business within an advertising cooperative, including contributing Affiliated Businesses, will be a member of the cooperative and have one vote per business. The contribution amount designated by the cooperative is a minimum of the greater of 1% of Gross Sales or $5,000 per business per year, with a maximum of the greater of 1% of Gross Sales or $25,000 per business per year, unless all voting businesses (Franchise and Affiliate owned) unanimously agree to increase the fee beyond the maximum. Currently there is one test Cooperative in the process of forming, which consists of all Franchisees (all Service Lines) located in Florida.

(7) If you elect to purchase additional licenses, additional fees may apply. Currently the cost for additional licenses ranges from $1-$5 per week, based on the services you elect. Currently, and subject to change, the technology fee includes two licenses to our suite of software (desktop and mobile app); a license to XactAnalysis; and a subscription to a customer satisfaction measurement system. Additionally, currently we give you at no cost, two email licenses, as well as a forwarding (claims) email license.

(8) You (or your required attendees) may be required to repeat, at your sole expense, all, or any portion of the Initial Training Program if, in our sole judgment, we determine that you (or any of your required attendees) failed to acquire or understand any of the critical skills, knowledge and/or abilities needed to operate the Business. If you or a member of your staff is required to repeat any

or the entire Initial Training Program, you will pay our then-current fee which we estimate may be up to $1,250 per person per week. The training fee will apply for any new Designated Manager (as defined in Item 16).

(9) The NSF fee currently is $37 per returned payment. This cost may increase but may be no higher than our actual costs incurred due to the returned payment, plus $5 per returned payment as an administrative processing fee.

(10) You must maintain accurate business records, reports, accounts, books, and data relating to the operation of your Franchised Business. We and our designees retain the right to inspect and/or audit your business records, which includes your call logs related to your Franchised Business, at any time during normal business hours, without notice, to determine whether you are current with suppliers and/or otherwise are operating in compliance with the terms of the Franchise Agreement and Operations Manual. In the event any such audit discloses an understatement of amounts reported or paid to us, you agree to pay to us the amount due, plus interest (at the rate and on the terms provided for herein) from the date originally due until the date of payment. Furthermore, you must reimburse us for our costs and expenses associated with conducting the audit in the event: (i) such audit is made necessary by your failure to timely furnish reports, supporting records, other information or financial statements required under the Franchise Agreement; or (ii) if that audit reveals an understatement of greater than two percent (2%). These costs and expenses include, without limitation, our legal and accounting fees, travel, lodging and meal expenses and applicable per diem charges for our employees. The foregoing remedies are in addition to our other remedies and rights under the Franchise Agreement and/or applicable law. In the event any audit reveals that your information has been inaccurately reported, we reserve the right to audit other entities owned, controlled by, or affiliated with you.

(11) Should you be in default of the Franchise Agreement, in lieu of termination, and in addition to any other remedies under the Franchise Agreement, we may elect to assess a non-compliance fee of $1,000 per occurrence.

(12) If we prevail in any action or other legal/administrative proceeding brought against you arising out of the Franchise Agreement or any other agreement with us, you must reimburse us for our reasonable attorneys' fees and other costs paid that we incurred in such proceedings in the event we prevail. If you bring any legal action to interpret or enforce the terms of the Franchise Agreement or any other agreement with us, and your claim in such action is denied or the action is dismissed, then we are entitled to recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending the matter, and to have such an amount awarded as part of the judgment in the proceeding.

(13) You are solely responsible for and must indemnify and hold us harmless for all loss, damage, claims or demands arising out of, or related to, the operation of your Franchised Business. Your indemnification obligations are described more fully in the Franchise Agreement.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

START-UP

Type of Expenditure	Amount						Method of Payment	When Due	To Whom Payment is to be Made
	Single Primary Service Line		Two Primary Service Lines		Three Primary Service Lines				
	Low	High	Low	High	Low	High			
Initial Franchise Fee (Note 1)	$50,000	$50,000	$67,500	$67,500	$85,000	$85,000	Lump sum	Upon signing of Franchise Agreement	Us
Real Estate/Rent (Note 2)	$12,000	$36,000	$27,000	$72,000	$42,000	$102,000	As arranged	Before opening	Landlord
Leasehold Improvements (Note 3)	$10,000	$30,000	$10,000	$40,000	$15,000	$50,000	As arranged	Before opening	Third Party Supplier
Security Deposits, Professional Fees and Business Licenses and Permits (Note 4)	$3,000	$9,000	$5,500	$15,000	$8,000	$20,000	As incurred	As incurred	Attorneys, other Professionals, Local and State Agencies, Landlord & Utility Companies
Insurance (Note 5)	$3,000	$5,000	$3,000	$6,000	$3,000	$6,000	As arranged	Before opening	Third Party Supplier
Training (Note 6)	$5,220	$8,500	$5,220	$10,440	$8,440	$10,440	As incurred	As incurred	Transportation, Hotels, Restaurants
Vehicle (Note 7)	$4,000	$8,000	$6,000	$10,000	$6,000	$10,000	As arranged	Before opening	Third Party Supplier
Turn-Key Business Package (Note 8)	$32,000	$65,130	$70,000	$78,530	$96,310	$96,310	Lump sum	Before opening	ERS Depot
Equipment & Supplies (Note 9)	$10,785	$50,040	$27,239	$63,740	$44,734	$85,580	As arranged	Before opening	Third Party Supplier
Telephone System (Note 10)	$500	$1,000	$750	$1,250	$1,000	$1,500	As arranged	As incurred	Third-Party Supplier

Type of Expenditure	Amount						Method of Payment	When Due	To Whom Payment is to be Made
	Single Primary Service Line		Two Primary Service Lines		Three Primary Service Lines				
	Low	High	Low	High	Low	High			
Software Fees (Note 11)	$1,703	$3,242	$2,405	$4,009	$4,659	$4,776	As arranged	Before opening	Us and Third-Party Supplier
Local Sales and Marketing (Note 12)	$1,000	$3,000	$1,000	$3,000	$1,000	$3,000	As arranged	As incurred	Third-Party Supplier
Additional Funds (Note 13) (3-month period)	$34,000	$47,000	$44,000	$62,000	$54,000	$77,000	As incurred	As incurred	Various
TOTAL (Note 14)	**$167,208**	**$315,912**	**$269,614**	**$433,469**	**$369,143**	**$551,606**			

Notes:

All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. The chart above estimates your initial investment to begin operating a Franchised Business. Actual costs will vary for each franchise location depending on several factors including the Approved Services you are authorized and obligated to provide under the Franchise Agreement, number of Service Lines offered, the market conditions and the geographic location of your Franchised Business.

The Document Service line is only sold as part of a One, Two or Three Service Line purchase. Any costs for operating the Document Service Line are reflected in the One, Two or Three Service Lines as listed above, and specifically referred to in Note 9 regarding additional equipment and supplies.

(1) Initial Franchise Fee. You must purchase all available Approved Service Lines in the PAR. The Initial Franchise Fee is $85,000 for all Approved Service Lines. We reserve the right to discount the Initial Franchise Fee by $17,500 for each Primary Service Line not available in the market. As outlined further in Items 5 and 10 we may finance the Initial Franchisee Fee. A down payment of $10,000 is required, and we may finance up to $75,000. The interest is 0% if paid within the first thirty (30) days of signing the franchise agreement, if not paid within that time, the interest rate is 9.9% APR. If we were to finance the maximum amount of $75,000, and you paid four months after signing, the estimate lump payment due would be $77,482. See Items 5 and 10 for further details.

(2) Rent. You will need to acquire a physical location for the Business that meets our site specific and architectural requirements, as noted in the Operations Manual. Among other requirements noted in the Operations Manual, the physical location of the Business must be located outside of your home and in your PAR. The ideal location is approximately 4,000-5,000 sq ft for the offering of Art Services, 5,000-6,000 sq ft for the offering of Electronic Services; 5,000-6,000 sq ft for the offering of Textile Services, and 2,000-3,000 sq ft for the offering of Document Services. If you operate two Service Lines, you will need to add the low and the high for each Service Line to get the required size. If you operate three or four, you will need 14,000-17,000 sq ft minimum. Provided your proposed location for the Business satisfies our site selection criteria, we will not unreasonably withhold our acceptance of the site. The low rental estimate assumes rent for 3 months for the above refenced low end of the square foot requirements at $16 a sq foot, and the high estimate assumes rent for 3 months for the above refenced high end of the square foot requirements at $24 a sq foot. Some markets may experience higher or lower lease rates. Rental charges and terms will vary. You should consult a local real estate expert.

(3) Leasehold Improvements. You may be able to negotiate some of the leasehold improvements with your landlord. The low end is if you can find a facility that already has a lot of the requirements in place, or where the landlord is willing to assume the cost. The high end is if you need to pay for them yourself. It includes items such as constructing a hydroxyl room (all Service Lines), a drying room (Textiles), adding in the required electrical, natural gas, and waterline requirements, ensuring proper ventilation, a drain trough (Textiles), as well as building any offices and distinctions between Service Lines, etc.

(4) Security Deposits, Professional Fees, Business Licenses and Permits. A security deposit may be required by the lessee. Utility companies may require that you pay a deposit prior to installing telephone, broadband, gas, electricity, and related utility services. A typical utility security deposit is one month's expense. These deposits may be refundable in accordance with the agreements made with the utility companies and landlord. This estimate includes one month's rent as a security deposit to the landlord. You may also be required to acquire certain businesses licenses and / or permits as required by local and state laws and regulations.

5) Insurance. You must procure and maintain throughout the term of the Franchise Agreement insurance in such amounts that, at a minimum, meet the requirements outlined by us in writing, including commercial business and vehicle insurance. The actual cost of insurance and your payment schedule will vary based on various factors, including, without limitation, your insurer, policy limits, type of policies procured, commercial lease requirements (if any), nature and value of physical assets of the Business, number of employees, square footage, contents of the Business, geographical location, make and year of vehicle, credit score, your local market conditions and other factors bearing on risk exposure. Our estimate is for 3 months of the minimum level of insurance as outlined in Item 8 and Article 10.C.

(6) Training. You must arrange to attend our Initial Training Program and pay for all related expenses, including transportation, lodging, and meals. If applicable, your Designated Manager and Principal Operator (if a different person) must also attend the Initial Training Program. The amount expended will depend, in part, on the distance you must travel and the type of accommodations you choose. The typical training is one week in person for a single line to be attended by three people. If you add Art Services as a second Service Line, that training is one week in person for one person. There is no in person requirement if Textile Services are added as a second or third Service Line. All training for Document Services can be done online. Additionally, we also require that your BDM attend Sales Training, typically this is three days at various locations throughout the US; however, during COVID19, it is being offered online in ten one-hour sessions. Additional employees may attend training; however, you must pay our then-current daily training fee as well as all other related costs and expenses (e.g., travel, meals, etc.). These figures do not include wages. These ranges assume 1 Franchisee, 1 BDM, and 1 additional employee per Service Line.

(7) Vehicle. In connection with the Business operations, you must have access to a vehicle with the minimum specifications noted in the Operations Manual. If you are entering into a Franchise Agreement for the provision of all Service Lines, you will need to acquire a box truck, and also add a transit at six months of operation. If you are entering into a Franchise Agreement for the provision of Electronic Services, OR two Primary Service Lines, you will need to acquire a box truck. If you are entering into a Franchise Agreement for the provision of only Art Services, or only the Textile Services, you will need to acquire a transit. The low range is for a lease for a for a white Transit-350, High Roof Super-Length Cargo Van, and the high range is the lease for a white Isuzu NPR-HR 150" WB 16' Box Truck with lift gate. You also have the option to acquire a 2017 or newer model with under 60,000 miles. The vehicles must be painted according to our color and design specifications, and have the Trademarks professionally applied before the vehicle is put into service. The range noted in the table above includes the first 3 months of estimated lease payments (based upon a 5-year lease). The amount you will pay will depend on the amount of your down payment (if any). Your expenses may be higher than the estimate depending on whether you choose to purchase or lease a new vehicle.

(8) Turn-Key Business Package. The Turn-Key Business Package consists of various products and goods specified in the Operations Manual, including: (i) equipment necessary to perform the Approved

Services; (ii) software; (iii) initial inventory; (iv) office equipment and supplies; (v) vehicle decals; (vi) tools and equipment; (vii) marketing supplies; and (vi) uniforms. As outlined in Items 5 and 10 we may finance the Turn-Key Business Package.

The cost for the Turn-Key Business Package is $96,310 for all Primary Service Lines, $70,000-$78,530 for two Primary Service Lines, $32,000-$65,130 for one Primary Service Line. The ranges are calculated as follows: Electronic Services - $65,130; Art Services - $56,600, reduced to $17,780 if it is a second or third Primary Service Line; and Textile Services - $32,000, reduced to $13,400 if it is a second or third Primary Service Line. If this is a Transfer Business, you are not required to purchase the Turn-Key Business Package, but you will need to purchase the Transfer Package, which is $8,375. If you request and are authorized to provide Document Services in connection with the operation of the Franchised Business, as of the issuance date of this Disclosure Document, we do not require you to purchase a Turn-Key Business Package fee for the incorporation of the Document Services.

A $10,000 down payment is required, and we may finance up to $86,310. The interest is 0% if paid at the earlier of one-hundred and twenty (120) days after signing the franchise agreement, or one month before attending Initial Training. If not paid within that time, the interest rate is 9.9% APR. If we were to finance the maximum amount of $86,310, and you paid four months after signing, the estimate lump payment due would be $86,310. See Items 5 and 10 for further details.

(9) Equipment and Supplies. You must acquire and maintain some additional equipment and supplies for the franchised business. We estimate this to be $15,735-$23,160 for the Electronic Services; $10,785 – $14,910 for Art Services, and $23,109-$40,040 for Textile Services. The low estimate is if you are not approved to do Document Services, the high estimate is if you are approved, in which case, we estimate the Document Services start-up equipment & supplies cost to be $5,000 - $10,000.

(10) Telephone System. You must acquire and maintain a dedicated business telephone number; you may be required to acquire this from our approved vendor. You also must maintain the ability to send and receive faxes. We reserve the right to require you to use a call center we designate to answer your incoming sales calls. We will provide you with 30 days' notice if we require you to use a call center. These estimates include one phone number per Service Line with two receivers.

(11) Software Fees. You must purchase the software that we require. The Technology Fee is due to us each week once you train and is $237 per week if purchasing all Service Lines, $129 if purchasing one Primary Service Line, and $183 if purchasing two Primary Service Lines. There is also an additional charge of $1-5 per user over 2 users, depending on the services that you select. Textile Services also requires you to purchase iCat, which has a $750 down payment, and is then $250 per month. The low estimate assumes you get the $1 license for one restoration staff, and the high assumes the $5 license for three restoration staff.

(12) Local Sales and Marketing. During your first three months of operation, we highly recommend but do not require, that you spend money on marketing and to support your sales efforts. You will work with us to develop your Local Sales and Marketing plan, to determine which options you will elect to devote your financial resources towards. This may include things such as attending area meetings, joining claims associations, hosting events, direct mail or email marketing campaigns, social media, branded merchandise, entertainment, or other items we have approved. It does not include personnel or travel costs.

(13) Additional Funds. This amount of working capital is projected as sufficient to cover initial operating expenses, payroll costs for one employee per Service Line, gasoline and general auto maintenance, cell phones and data plans, internet, software fees, royalty, national marketing fund fees, national account fees, the technology fee, and any other general business expenses for a period of 3 months. The cost assumes your cell phone has GPS and a high-resolution camera, so you do not need to purchase those items separately. The estimate of additional funds does not include an owner's salary or draw. These figures are estimates only.

This estimate is based on our franchisee's experiences, as well as our estimate of average costs and market conditions prevailing as of the date of this Disclosure Document.

(14) Total. This total is an estimate of your initial investment and is based on our franchisee's experience, as well as our estimate of average costs and market conditions prevailing as of the date of this Disclosure Document. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Franchised Business in strict conformance with our methods, standards, and specifications which we prescribe in our confidential operations and training manual and various other confidential manuals and writings prepared by us for use by you in operating a Franchised Business (collectively the "Operations Manual"), and which we may change and modify in our sole discretion. The Operations Manual shall remain confidential and is our exclusive property. You shall not disclose, duplicate, or make any unauthorized use of any portion of the Operations Manual. The provisions of the Operations Manual constitute provisions of the Franchise Agreement as if they were fully written in the Franchise Agreement. You shall ensure that your copy of the Operations Manual is current and up to date. If there is a dispute relating to the contents of the Operations Manual, the master copy, which we maintain at our corporate headquarters, will control.

Approved Services

You may only offer Approved Restoration Services from your Franchised Business. We will provide you with a list of the Approved Restoration Services. All Approved Restoration Services must meet our standards and specifications. We have the right to require you to purchase certain items from us or other suppliers or distributors approved or designated by us to: (i) better assure the quality of the Approved Restoration Services; (ii) assure the supply of the Approved Restoration Services; and/or (iii) enable us, in our sole discretion to take advantage of marketplace efficiencies. You will not receive any material benefit from purchasing from approved or designated suppliers.

You must offer services in the manner we prescribe, and otherwise operate the Franchised Business in such a manner which will serve to emulate and enhance the image intended by us for the System.

We may formulate and modify our standards and specifications for products and services based upon the collective experience of us and our franchisees. Our standards and specifications may be described in the Franchise Agreement, the Operations Manual, and/or other written documents. We have the right, under the Franchise Agreement, to change the standards and specifications applicable to the operation of the Franchised Business, including standards and specifications for services, products, signs, furnishings, supplies, fixtures, and equipment by written notice to you or through changes in the Operations Manual. You may incur an increased cost to comply with these changes, which you must pay at your own expense; however, no change will materially alter your fundamental rights under the Franchise Agreement.

We reserve the right to derive revenue from your required purchases. We derived revenue of $396,215 from Franchisees for required purchases or leases, which was 7.5% of our total revenue of $5,294,737, according to our 2021 audited financial statements, included as Exhibit B. In 2022, we expect to derive 8% of our revenues from required purchases or leases, although as further noted below we may derive revenue from required purchase or leases in the future.

We estimate that the items and services you must purchase or lease in accordance with our specifications will represent approximately 80% to 90% of total purchases or leases you will make to begin operations of the Business; and that they will be 60% to 80% of the total purchases or leases required in the ongoing operation of the Business.

Approved Supplies and Vendors

The Operations Manual contains a list of approved manufacturers, vendors, suppliers, and distributors ("Approved Vendors List"), as well as approved products, equipment, computer hardware and software, technology, trademarked items, supplies and other items or services necessary to operate the Business ("Approved Supplies List"). The Approved Vendors List may specify the specific manufacturer of a specific product, service, or piece of equipment and, unless we specify in writing to the contrary, you may purchase the specific product from any approved source that carries the specific approved products. From time to time we, an affiliate or a third-party vendor or supplier may be the only approved vendor for certain products or services.

Currently, you must purchase the following products and/or services only from our affiliate, ERS Depot: The Turn-Key Business Package, ERS Depot branded chemicals, most additional chemicals, certain apparel, certain equipment, and other items that bear the trademarks we designate, vehicle logos, and Software Licenses. We reserve the right to modify this list with 30 days' notice to you, and such updates will be listed in our Operations Manual. The items included in the Turn-Key Business Package may be shipped F.O.B. from ERS Depot or approved suppliers, but you will pay ERS Depot directly for the Turn-Key Business Package. You will pay the then-current price in effect for all products and services you receive from us or an affiliate.

The owners of RSFG also wholly own ERS Depot, which sells ERS Depot branded chemicals, the Turn-Key Business Package, additional chemicals, general job supplies, print materials, vehicle decals, certain equipment, and the other items noted in the prior paragraph. No other officer of the Franchisor owns an interest in any approved supplier. In 2021 ERS Depot's total revenues from the sale of required purchases or leases to Franchisees was $253,066.42.

You must use products approved by us. We establish and modify specifications and standards for approved supplies based on our ongoing review of using quality products through our affiliates' operation of their respective businesses and our communications with manufacturers and vendors. The lists also may include other specific supplies, products, services, or equipment without reference to a particular manufacturer, or they may set forth the specifications and standards for other approved supplies. For example, you must obtain a telephone system from an approved supplier, and purchase or lease a vehicle that meets our specifications and requirements as outlined in the Operations Manual. We may revise the Approved Vendors List and Approved Supplies List from time to time which will be maintained in the Operations Manual. We will give you at least 10 days written notice before any change is required.

We may form strategic alliances with certain vendors. We and our affiliates reserve the right to receive rebates or other consideration from vendors in connection with your purchase of goods, products, supplies, and services as described in this Item 8. Most of these rebates will be calculated based on quantity sold. We will retain and use such payments as we deem appropriate or as required by the vendor. We or our affiliates also may derive revenue from items or services that we sell directly to you by charging you more than cost. For example, you will pay the then-current price in effect for restoration services, ERS Depot branded chemicals and other products and services for which we or our affiliates are the sole supplier. In some cases, the cost for these items to you may be higher than the cost of comparable products and services on the market. In 2020, we received $0 in rebates for purchases by Franchisees. Other than this, neither we nor any of our affiliates received revenue for any of these services.

There currently are no purchasing or distribution cooperatives. We may negotiate prices for products or services for the benefit of the System but not on behalf of individual franchisees. This does not guarantee that the price for these products or services will be lower than other similar products on the market. We are not aware of any purchasing or distribution cooperatives in the system. We do not provide material benefits to you (for example, renewal or granting additional franchises) based upon your purchase of specific products or services or use of specific suppliers. You may use only marketing and promotional materials that meet the standards described in Item 11.

Supplier Testing and Approval

Except for instances where we designate a single source vendor (for example, the items you must purchase from ERS Depot), if you want to offer for sale at the Business any brand of product or services, or to use in the operation of the Business any material, item, service or supply that is not then approved by us, or to purchase any product or service from a vendor that is not then designated by us as an approved vendor, you must notify us in writing and obtain our written approval prior to use. If requested by us, you must submit samples and other information as we require for testing or to otherwise determine whether the product, material, service or supply, or the proposed vendor meets our specifications and quality standards. We generally will notify you of vendor approval or disapproval within 60 days of our receipt of all the information and samples we request. We may re-inspect the facilities and products of any vendor or item or supply and revoke our approval of any vendor or item or supply that fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved vendor or item. If we incur any costs in connection with testing a particular product or evaluating an unapproved supplier at your request, you or the supplier must reimburse us for our reasonable testing costs, regardless of whether we subsequently approve the item or supplier. We are not required to approve any particular supplier. We may base our approval of any proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation we deem necessary or desirable in the System as a whole. We are not required to approve an unreasonable number of suppliers for a given item, which approval might, in our reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers. We may revoke our approval of products or suppliers when we determine, in our sole discretion, that such products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing products from such supplier. You must use products purchased from approved suppliers solely in connection with the operation of your Franchised Business and not for any competitive business purpose.

We apply the following general criteria in approving a proposed vendor: (1) ability to deliver product or offer service in conformity with our specifications; (2) willingness to protect the secrets behind the uniqueness of a product and service without dissemination to others; (3) production, supply considerations and delivery capability; (4) reputation and integrity of vendor; and (5) financial condition and insurance coverage of the vendor.

Advertising

We must approve all advertising before first publication or use.

Insurance

You must procure and maintain during the term of the Franchise Agreement insurance policies protecting you, your employees, and us, our officers, employees, and other persons that we designate by name, against all loss, liability, fire, personal injury, death, property damages, or theft arising from, or occurring in connection with, the operation and promotion of the Business. The insurance coverages noted below reflect the minimum amounts of coverage we require; it is not meant to reflect the actual needs you may have or other state mandated coverage, and it is your sole responsibility to carefully evaluate whether such minimums will adequately meet your needs and state requirements (i.e., flood insurance, employment practices liability, pollution or major medical, etc.). We may require you to purchase insurance from a specific provider or providers.

You must maintain these insurance levels throughout the term of your Franchise Agreement. You must provide us with proof of coverage on demand. You must obtain these insurance policies from insurance carriers that are rated "A" or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Franchised Business. All insurance policies must: (i) name us (and our members, officers, directors, and employees) as additional insureds; and (ii) contain a waiver by the insurance carrier of all subrogation rights against us. Furthermore, you shall be required to provide 10 days prior written notice of the termination, expiration, cancellation, or modification of any insurance policy.

You must annually submit certifications of insurance which demonstrates compliance with our insurance requirements. If you fail to comply with the minimum insurance requirements, we have the right to obtain such insurance and keep it in force and effect, and you shall pay us, on demand, the premium cost, and administrative costs of 18% in connection with our obtaining the insurance. We have the right to increase or otherwise modify the minimum insurance requirements upon written notice to you, and you shall comply with any such modification within the time specified in the notice.

The insurance requirements are as follows:

(1) Commercial General Liability, Contractor's Pollution Liability Insurance, and Professional Liability Insurance. Coverage for "bodily injury," "property damage," and "personal and advertising injury" with no exclusion or limitation applying to the products / completed operations liability coverage. Limits must be at least $2,000,000 general aggregate, $2,000,000 products and completed operations aggregate, $1,000,000 personal and advertising injury limit and $1,000,000 per occurrence.

Limits must specifically confirm coverage for pollution, including mold and lead, with minimum limits of $1,000,000 each incident, with $1,000,000 aggregate. The limited liability pollution endorsement does not meet the pollution insurance requirement. Contractual liability coverage including the assumed personal and advertising injury endorsement must be included to cover the indemnity provisions of this Franchise Agreement. The exclusion for employer's liability shall not apply to claims for covered contractually assumed liability claims.

Such policy shall contain a waiver of subrogation endorsement as to claims against Restoration Specialties Franchise Group, LLC.

Restoration Specialties Franchise Group, LLC shall be named as an additional insured on this policy on a primary and noncontributory basis, and with both a CG-2037 Products/Completed Operations Form, and a Grantor of Franchise Form CG2029 or an insurer's comparable form.

(2) Automobile Liability Insurance. You are required to maintain insurance with a combined single limit ("CSL") of $1,000,000 for bodily injury and property damage for all owned or leased vehicles and include hired and non-owned vehicles. Additionally, uninsured motorist and under-insured motorist coverage will be equal to the CSL.

(3) Workers' Compensation and Employers' Liability. Statutorily required workers' compensation insurance and employer's liability insurance is required to be maintained with limits of at least $500,000 by accident, $500,000 by disease and $500,000 policy limit. In "Monopolistic States" including Ohio, North Dakota, Washington, Wyoming, and West Virginia "Stop Gap" coverage must be purchased separately or added to the commercial general liability policy and/or worker's compensation and employers' liability policy. "Stop Gap" in Ohio must not contain exclusion with the "substantially certain to occur" language.

(4) Employee Dishonesty Insurance. You are required to maintain employee dishonesty insurance with minimum limits of $50,000 per loss and such coverage is to also cover acts of stealing against third parties. This coverage must increase by $50,000 for each $4,000,000 in annual Gross Sales achieved up to $250,000 per loss (for example, at $4,000,000 in Gross Sales, your bond would need to increase to $100,000 at $8,000,000 to $150,000, etc.)

(5) Umbrella or Excess Liability Insurance. You are required to maintain a commercial umbrella liability insurance policy with minimum limits of $1,000,000 per occurrence and aggregate and shall list the commercial general liability, pollution liability and automobile liability as scheduled underlying policies. This policy will need to increase by $1,000,000 per occurrence and aggregate for each $4,000,000 in Gross Sales achieved up to $10,000,000 per occurrence and aggregate (for example, at $4,000,000 in Gross Sales, you would need to increase this to $2,000,000, at $8,000,000 to $3,000,000, etc.).

(6) Property Coverage: You are required to maintain insurance on your business personal property, at amounts equivalent to replacement value.

You must also carry insurance coverage for property of others in your care, custody, and control (including work in progress), with minimum limits equal to the value of goods in your possession at any one time, or $250,000, whichever amount is higher.

You must carry business income and expense coverage for twelve months.

(7) Bailees Legal Liability: You are required to maintain Bailees Legal Liability Insurance, covering the liability for damage to Customer's goods, which must have minimum limits equal to the value of goods in your possession at any one time, or $250,000, whichever amount is higher.

(8) Motor Truck Cargo: You are required to maintain motor truck cargo insurance to cover goods in transit, at a minimum of $100,000 per incident.

You are required to comply with any state, county, local, or other municipal insurance requirements.

You should carefully review your policy to make sure that they do not exclude items of (a) for Art Services - rarity, antiquity, fine arts, (b) for Electronic Services - electronics and/or data documents, for (c) Textile Approved Services – textiles, clothing, including furs, suedes, and leather, drapery/curtains, as well as valuable collectables such as dolls, quilts, etc., and for (d) Document Services - paper, including items with confidential information.

No deductible or self-insured retention can exceed $5,000 for any required insurance policy, except that you may have retention of up to $10,000 on the Umbrella Liability Insurance policy.

You may not reduce the policy limits, restrict coverage, cancel, or otherwise alter or amend any insurance policy without our written consent.

Commercial General Liability, Contractor's Pollution Liability Insurance, and Professional Liability Insurance, Automobile Liability Insurance, and Umbrella or Excess Liability Insurance policies will name Restoration Specialties Franchise Group, LLC as an additional insured **at the carrier level** and any other entities that we designate (the "Indemnified Parties"), will contain no provision which in any way limits or reduces coverage for you in the event of a claim by any one or more of the Indemnified Parties, will extend to and provide indemnity for all obligations assumed by you and all items for which you are required to indemnify us, will be primary to and without right of contribution from any other insurance purchased by the Indemnified Parties, and will provide, by endorsement, that we receive at least 10 days prior notice of any intent to cancel or materially alter any policy. Whenever a change is made to your policy, and before expiration of any insurance coverage, you must submit to us a copy or certificate or other acceptable proof of such insurance with a copy of the Additional Insured Endorsement on your policy. On occasion, we may request complete copies of all insurance policies to insure compliance with the insurance provisions of this contract.

Periodically we may modify the minimum insurance limits and require different or additional kinds of insurance to reflect changes in insurance standards, normal business practices, higher court awards and other relevant circumstances. You will receive at least 90 days advance written notice of any change.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

	Obligation	Article in Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Article 5	Items 7, 11 and 12
b.	Pre-opening purchases/leases	Article 6	Items 7 and 8
c.	Site development and other pre-opening requirements	Articles 5, 6 and 7	Items 6, 7, 8 and 11
d.	Initial and ongoing training	Article 7	Item 11
e.	Opening	Article 5	Item 11
f.	Fees	Articles 4, 8 and 9	Items 5 and 6
g.	Compliance with standards and policies/Operations Manual	Articles 2, 3, 5, 6 and 7	Items 8 and 11
h.	Trademarks and proprietary information	Articles 3 and 6	Items 13 and 14
i.	Restrictions on products/services offered	Articles 2 and 6	Items 8, 12 and 16
j.	Warranty and customer services requirements	Articles 2 and 6	Item 15
k.	Territorial development and sales quotas	Article 2	Items 12 and 17
l.	Ongoing product/service purchases	Article 6	Items 8 and 11
m.	Maintenance, appearance, and remodeling requirements	Article 5	Items 6, 8 and 11
n.	Insurance	Article 10	Items 6 and 8
o.	Advertising	Article 9	Items 6 and 11
p.	Indemnification	Article 10	Item 6
q.	Owner's participation/ management/staffing	Article 7	Items 11 and 15
r.	Records/reports	Article 8	Item 6
s.	Inspections/audits	Articles 6 and 8	Items 6 and 11

	Obligation	Article in Franchise Agreement	Disclosure Document Item
t.	Transfer	Articles 14 and 15	Item 17
u.	Renewal	Article 4	Item 17
v.	Post-termination obligations	Article 12	Item 17
w.	Non-competition covenants	Article 10	Item 17
x.	Dispute resolution	Article 13	Item 17
y.	Guarantee	Article 14.C., 16.F, Attachments A and B	Item 15
z.	Other	Not Applicable	Not Applicable

ITEM 10

FINANCING

Other then as disclosed in this Item, we do not offer any direct or indirect financing. We may finance the Initial Franchise Fee and Turn-Key Business Package Fee if you meet our qualifications and credit standards. You must sign a Promissory Note if we offer any financing to you. The following tables summarizes the terms of the financing we may offer:

Description	Obligation
Source of Financing	Us
Amount Financed	Up to $161,310
Down Payment	$20,000
Term (number of years)	Franchise Fee is due within 30 days of the date of the Franchise Agreement. The Turn-Key Business Package is due at the earlier of 4 months from the date of the Promissory Note, or one month prior to attending the Initial Training Program.
Rate of Interest plus Finance Charge	0% for the first 30 days, then 9.9% APR on the Initial Franchise Fee. $0 for the first 120 days, then 9.9% APR on the Turn-Key Business Package.
Monthly Payment	None. Paid in two lump sums.
Prepayment Penalty	None.
Security Required	None.
Guarantee	If you are a legal entity your owners must sign a personal guarantee.
Liability upon Default	Termination of Franchise Agreement; you must pay entire amount due and our attorney's fees and court costs in collecting debt.

Description	Obligation
Loss of Legal Rights Upon Default	Termination of Franchise Agreement. In addition, the Promissory Note requires you to waive presentment, demand, notice and protest but does not require you to waive other defenses or other legal rights or bar you from asserting another defense against us.

We have no past practice or future intent of selling, assigning, or discounting franchisees' financing arrangements to a third party, although we reserve the right to do so in the future.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, RSFG is not required to provide you with any assistance.

Pre-Opening Assistance: Before you commence operations of the Business, we will:

1. Provide you with site selection criteria and consent for the location of the Business (Franchise Agreement, Article 5.A). We will accept your proposed site if it complies with our site selection criteria as outlined in the Operations Manual. We do not provide you with any other site selection assistance or lease negotiation assistance.

2. Provide you with the Turn-Key Business Package, Approved Vendor list and Approved Supplies list (Franchise Agreement, Articles 6.A, 6.B and 8.C). For additional equipment, signs, fixtures, opening inventory and supplies, outside of the Turn-Key Business Package, and they will need to be purchased by you from Approved Vendors or other local suppliers. We will provide you with written specifications for those items that you need to purchase. We do not directly provide these items, nor do we deliver or install the items.

3. Provide you with access to a copy of the Operations Manual containing mandatory and suggested specifications, standards, and operating procedures for the Business (Franchise Agreement, Article 6.C).

4. Provide the training programs described below (Franchise Agreement, Article 7.B). We provide these training programs to up to 3 people without charge; however, you must pay all expenses for you and your employees, including training materials, travel and living expenses.

Ongoing Assistance: During the operation of the Business, we will:

1. Maintain and administer the National Marketing Fund (Franchise Agreement, Article 9.A).

2. Provide updates to the Approved Services, Approved Vendors and Approved Supplies lists (Franchise Agreement, Article 6.B).

3. Provide refresher training courses, as we determine necessary, and require you to attend and pay for them. You must also pay all expenses for you and your employees, including training materials, travel, wages and living expenses (Franchise Agreement, Article 7.C).

4. Furnish you from time to time with updated and revised material for the Operations Manual (Franchise Agreement, Article 6.C).

5. Assist you in the development of a plan to address various operational aspects and goals for the Business (Franchise Agreement, Article 7.C.)

6. Make suggestions to you regarding your pricing policies. We may establish both maximum and minimum pricing in accordance with applicable legal requirements. However, unless the price list is a part of a National Account or an imposed maximum or minimum price, any such price list is a recommendation only (Franchise Agreement, Article 6.M.)

Site Selection

You are responsible for purchasing or leasing a site for the Business ("Franchised Location") that meets our site selection criteria. You must select your Franchised Location within your PAR (defined in Item 12). Generally, we do not own the premises leased to our franchisees. You may not locate your Franchised Location outside of your PAR without our express written approval. We will accept your proposed site if it is located within your PAR and complies with our site selection criteria as outlined in the Operations Manual.

We will notify you of our approval or disapproval of the site location within 10 days of our receipt of your request. You are solely responsible for obtaining all necessary permits or licenses, and in all other respects complying with applicable legal requirements relating to the Business. We have no responsibility for the lease; it is your sole responsibility to evaluate, negotiate and enter a lease for the Franchised Location. It is not required that we own the premises which you lease, although we may do so, if you and we agree.

If you fail to have your "site under control" (execute the lease or the purchase agreement within 60 days of execution of the Franchise Agreement), we will have the right to terminate the Franchise Agreement without opportunity to cure pursuant to Article 11.A.

National Marketing Fund

You must pay us a National Marketing Fund Fee of 2% of your Gross Sales (the "Marketing Fund Fee"). The 2% Marketing Fund Fee will be part of one or more Marketing Funds, which may be segregated by Service Lines, that we and / or our designee will administer. We may segregate and allocate the Marketing Fund Fee based on the Service Lines provided in connection with the operation of your Franchised Business. For example, if a portion of your Marketing Fund Fee is attributable to the provision of Art Services, we may allocate that portion of the Marketing Fund Fee to the "Art National Marketing Fund". All franchisee owned outlets that purchase a franchise under this Disclosure Document are required to contribute on the same percentage basis. Any Franchisor or Affiliate owned outlets that offer residential electronic restoration, art restoration or textile restoration may, but will not be required to contribute to the Marketing Fund on the same basis. We may use the Marketing Fund to formulate, develop, research, and conduct marketing, promotional, public relations, customer satisfaction and/or lead generation programs to promote the RSFG System and one or more of the RSFG Service Lines in a form and media we determine in our sole judgment to be appropriate, including coverage that is local, regional, or national in scope. We may use national and regional agencies from time to time to create and place advertising and marketing communications, public relations campaigns and/or develop and administer lead generation studies or programs. We reserve the right to use the Marketing Fund to reimburse us for all costs that we (and /or our designee) incur related to such programs, campaigns, and studies, including the proportionate compensation of employees who devote time and render service in the conduct, formulation, development and production of the programs, campaigns and studies or the administration of the Marketing Fund.

We have no obligations to spend any amount on marketing in the area or PAR (as defined in Item 12) where you are located or for Service Lines that you offer. Excess Marketing Fund contributions not spent in any fiscal year will be carried over for future use. The Marketing Fund is not a trust or escrow account and creates no fiduciary duties or obligations. You have no property rights of any kind with respect to the monies in the Marketing Fund. The Marketing Fund is not audited, however, upon request from a franchisee; we will provide you with an unaudited financial report showing disbursements of the Marketing Fund from the previous fiscal year. The Marketing Fund will not be used for advertising principally directed at the sale of franchises; however, we may state on any advertisements that franchises are available, and to contact RSFG for information regarding this opportunity. During our last fiscal year of the National

Marketing Fund (January 1-December 31, 2021, the Art, Electronic, and Textile National Marketing Funds spent as follows:

Category	Art	Electronics	Textiles
Industry Conventions/Entertainment	8.5%	4%	0%
Advertising and Promo	3.5%	16%	26%
Miscellaneous *	4%	3%	4%
Travel	9%	3%	0%
Salaries	42%	43%	69%
Carry over to 2021	6%	30%**	1%

* Miscellaneous is shipping/postage, continuing education, telephone routing, dues & subscriptions, etc.

** There was a large NMF contribution from one location that was paid in late December which accounted for most of the carry over.

Advertising Council

In November of 2020 we established a National Marketing Committee ("NMC") composed of Franchisees and RSFG representation with representatives from Art and Electronic Service Lines. We intend to also have Textile representation during this upcoming fiscal year. Currently one member of the NMC is part of the FAC, as well as three other at-large franchisees. For the initial launch of the NMC, the at-large Franchisees volunteered or were nominated, and they each have a staggered term, so that one member's term is up each year. Their role is to act as a sounding board for marketing strategies and tools, develop and improve innovative ideas, and provide feedback on marketing activities as requested by the marketing team.

Local Advertising Cooperatives

We have the right to establish and maintain local advertising cooperatives based on designated marketing areas. If a local or regional advertising cooperative is formed or organized in your market, you will be required to participate and contribute. The contribution amount designated by the cooperative must be on a percentage of Gross Sales basis and per Business and will be the greater of 1% of Gross Sales or $5,000 per year, unless the participants vote to contribute a higher amount. Any residential Franchisor or Affiliate-owned businesses that are located within the local cooperative area will contribute to the fund on the same basis (this excludes DFD and ERSI's Large Loss division). However, depending on the advertising venue, we may opt to only require those under the same Service Line to participate. Each Franchised business within an advertising cooperative, including contributing Affiliated Businesses, will be a member of the cooperative and have one vote per business. Each advertising cooperative will be required to adopt governing bylaws that meet our approval and that we may require the cooperative to amend from time to time. We may provide each advertising cooperative with a sample form of bylaws that the cooperative must use, and we must approve, containing certain terms and conditions that we require, although the bylaws cannot modify the voting structure outlined in this paragraph without our prior written permission. The advertising cooperatives must submit to us its meeting minutes upon our request. All advertising cooperatives must obtain our written approval of all promotional and advertising materials, creative execution, and media schedules prior to their implementation. The members of each cooperative and their elected officers will be responsible for the administration of the advertising cooperative. We reserve the right to administer the cooperatives' funds and require payment from its members via electronic funds transfer. If we determine the need exists, we may require each advertising cooperative to engage the services of a professional media buyer or advertising agency that meets with our approval and has expertise in the industry and in the specific market. We may require each cooperative to have an independent certified public accountant prepare annual financial statements, which will be available to us and to all franchisee members of the cooperative. We have the right to require advertising cooperatives to be formed, changed,

dissolved, or merged. We may also implement a franchisee advisory council that will provide advisory input on marketing and related matters.

As of the date of this Disclosure Document, there is one Local Advertising Cooperative formed, in the Florida area.

Local Sales and Marketing

Prior to initial training, you must hire a Business Development Manager (BDM), an employee whose primary responsibility is to sell the Business Services to contractors, adjusters, and similar companies. You must have one for each PAR that you are awarded. With our prior written permission, you may serve in this capacity in one PAR; however, you must then hire a Designated Manager to manage the operation aspects of the Business.

We require you to record all sales activity in the software that we designate, as well as to meet certain Sales Activity Score as outlined in the Operations Manual (the "Sales Activity Score"). Currently the fee for this software is paid for as part of the Technology Fee. The current Sales Activity Score will measure, on a scale of "0" to "100" (where "100" is the best score), the sales activity performed in your PAR through specific metrics noted in the Operations Manual. You must achieve a passing aggregate average Sales Activity Score for each rolling 90-day period, as outlined in the Operations Manual. Currently a passing score is a Sales Activity Score of 60. If you fail to meet this aggregate Sales Activity Score rating, you will be deemed in default of the Franchise Agreement.

In addition to the Marketing Fund Fee, and the requirement to hire a BDM, we recommend, but do not require, that you spend on local sales and marketing activities each year. In your first year of business, the recommendation is the greater of 5% of Gross Sales or $12,000, and in the second year or more, the recommendation is the greater $20,000 or 5% of Gross Sales, capped at $50,000.

We require that you join and participate in the claims and insurance associations that we designate as being pertinent to your market. You must also claim, and pay for, the online listings that we designate. You also must list your Business in the Yellow Pages and White Pages of the primary telephone director servicing your PAR.

You must submit your local marketing materials to us for approval (including print, electronic or other forms of media). We will not unreasonably withhold approval of your marketing materials if they are factually accurate and current, dignified and in good condition and accurately reflect the Trademarks. Any local advertising materials you submit to us will be deemed approved if we do not disapprove or comment on the materials within 10 business days of our receipt of the materials. We reserve the right to revoke the approval of any advertising material previously approved with 30 days written notice to you.

Customer Satisfaction Ratings

We require you to use and pay for the customer service rating system that we approve, as well as to meet certain customer satisfaction ratings as outlined in the Operations Manual (the "Customer Satisfaction Ratings"). The current Customer Satisfaction Ratings will measure, on a scale of "-100" to "100" (where "100" is the best score), the level of service provided to customers of the Business you operate through specific metrics noted in the Operations Manual. You must achieve a passing aggregate average customer satisfaction rating for each rolling 90-day period, as outlined in the Operations Manual. Currently a passing score is a Net Promoter Score of 45. If you fail to meet this aggregate average customer satisfaction rating, you will be deemed in default of the Franchise Agreement. Currently the Fee for this service is paid for as part of the Technology Fee.

Computer System

You must purchase and use any and all computer software programs ("Software") which we have developed or may develop and/or designate for use for the System, and you must also purchase such computer hardware as may be necessary for the efficient operation of the Software. We have the right to

require you to update or upgrade computer hardware components and/or Software as we deem necessary from time to time. In addition, we have the right to require you to enter into a separate maintenance agreement for such computer hardware and/or Software. Although you must buy, use and maintain computer hardware and Software meeting our standards and specifications, you will have the sole and complete responsibility for: (i) the acquisition, operation, maintenance and upgrading of the computer hardware and Software; and (ii) any and all consequences that may arise if the computer hardware and Software is not properly operated, maintained and upgraded (Franchise Agreement, Article 6).

We have developed a custom-designed software program related to the operation of your Franchised Business ("Proprietary Software Program"), you, at your own expense, must obtain the computer hardware required to implement the Proprietary Software Program into your Business, and you must comply with all specifications and standards prescribed by us regarding the Proprietary Software Program as provided from time to time in the Operations Manual or otherwise in writing. You shall only utilize the Proprietary Software Program as prescribed by us and the Proprietary Software Program will be considered to be a part of our Confidential Information. We shall have the unlimited right to indepenently access all data contained in the Proprietary Software Program, as well as any other Software used by you in the operation of the Business, and you must take any and all actions specified by us to ensure that we have this access to the Proprietary Software Program and/or other Software. (Franchise Agreement, Article 6.E).

You are required to participate in any System-wide area computer network, intranet system or extranet system that we implement, and you may be required by us to use such area computer network, intranet system or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us online; (ii) view and print portions of the Operations Manual; (iii) download approved local advertising and promotions materials; (iv) communicate with us and other System franchisees; and (v) participate in online training. You must agree to use the facilities of any such area computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory, or defamatory statements. (Franchise Agreement, Article 6).

You must provide access to all financial and business records and information to us according to reporting formats, methodologies, and time schedules that we establish from time to time, including through any intranet or extranet system we develop or implement or other online communications. We may access your Computer System (as defined below), including through any intranet/extranet system we develop or implement, and retrieve, analyze, download, and use all data and files stored or used on the Computer System. We may have independent access to all this information for the Business with no contractual limitation on our right to the information. You understand that the data storage, phone line, modem, communication software, Internet access, email account and all additional hardware and software needed to implement and maintain these services is at your cost.

You are required to acquire and comply with the standards and specifications for the computer hardware and software (the "Computer System"). Currently you are required to acquire a laptop computer for the Franchisee (or Designated Manager), and your BDM. You must have at least one desktop computer for the Electronics division. All other electronic technicians, as well as Art restorers can use any type of computer that has a secure internet connection and that operates the software that we offer. (We do not support MAC and cannot guarantee that the Software will function on a MAC). Each pick-up and delivery team will need at least one iPad per team, although many choose to have one iPad per person. Each laundry personnel will need an iPad. You will need a printer with copying, faxing, and scanning functions. You will also need a portable printer (cigarette adapter) for each textile pick-up and delivery team. Our current specs for each devise type are available in the Operations Manual. We estimate the initial cost for these items to be $5,450-$5,500 for a single Service Line, $6,940 - $7,710 for two Service Lines and $8,590 - $9,560 for all Service Lines, and these costs are included under Equipment in Item 7. This assumes 1 Franchisee, 1

BDM, plus one additional employee per Service Line. You also must use and install an anti-virus software on all computers used in connection with your Business at your cost.

We have no obligation to maintain, update, upgrade or otherwise modify any computer software or hardware. You, however, are required to make periodic upgrades and updates to the Computer System as we direct and there are no contractual limitations on the frequency and cost of this requirement. These costs may include user fees, software licensing fees or technical support fees. The current estimated weekly cost of theses upgrade requirements or services if purchasing all three Service Lines is $237 per week. We reserve the right to adjust the price if less Service Lines are available in your market, ranging from $129 - $183 per week. The current fee for additional software user licenses ranges $1 or $5 per week, depending on the type of license that you select. We have the right to charge more for additional services. Currently the Textile Service Line also requires the purchase of iCat Software, which is currently $750 for the first month, and $250 for each additional month, included in Item 7 as part of Additional Expenses. All prices for the Computer System and software are subject to change, per market conditions.

You may be required to upgrade your Computer System to meet changing software requirements. Any Computer System upgrade will not be required more than once every three years. The cost to upgrade is set by third party suppliers. Any Computer System update will be specified to you in writing.

You and any of your employees who interact with customers must maintain branded electronic methods of communication (currently email) accounts, which may be provided to you, and you must give us electronic access to information on your company computer and hosted by software providers, including viewing access to branded email accounts. We may discontinue or alter the current system of electronic communication, at any time on notice to you, and you may then be required to maintain an account we designate or approve with a provider we approve or designate and pay the required fees. We are not obligated to monitor, create, or maintain any backup of email, information, file storage, or any data related to the email address provided to you. There are no contractual limits on our right to access information and data on the electronic communication and electronic mail systems. You agree that you have no right of privacy in or to these electronic communications and/or electronic mail systems, and we or our designee may access these email communications and data at any time without notice. Any access to, monitoring or copies of data related to electronic communications and emails will be solely for our benefit. We may require you to upgrade, update or otherwise modify your computer hardware, software, and other office equipment. No contractual limitation exists on the frequency or cost of this obligation. We have the unrestricted right to independently access any data stored or collected electronically.

Internet

You must have and maintain adequate hardware and software to access the internet at the bit speed we require from time to time. We have established an internet website that provides information about the System and the products and services offered by the Franchised Business. We have sole discretion and control over the website (including timing, design, contents, and continuation). We may, but are not obligated to, create interior pages on our website(s) that contain information about your Franchised Business and other Franchised Business locations. If we do create these pages, we may require you to prepare all or a portion of the page for your Franchised Business, at your expense, using a template that we provide. All such information will be subject to our approval prior to posting. (Franchise Agreement, Articles 6 and 9).

You must not establish or maintain a separate website, splash page, social media profile or other presence on the internet, or otherwise advertise on the internet or any other public computer network in connection with the Approved Restoration Services, System, or Franchised Business without our prior written approval. You must claim, update, and pay for all online listings as we (and/or our affiliates) designate or instructed.

We have the right to modify our policies regarding both our and your use of internet websites as we deem necessary or appropriate for the best interests of the System. (Franchise Agreement, Articles 6

and 9). You acknowledge that we and/or our affiliates are the lawful, rightful, and sole owner of the internet domain names www.prismspecialties.com, www.rsfg-us.com, www.art-us.com, www.ers-us.com, www.textiles-us.com, and www.documentfreezedrying.com, as well as any other internet domain names registered by us, and you unconditionally disclaim any ownership interest in such domain names and any colorably similar internet domain names. You agree not to register any internet domain name in any class or category that contains words used in or similar to any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic variation, or visual variation of those words (Franchise Agreement, Article 6 and 9).

Typical Length of Time Before You Commence Operations of the Business

We estimate that it will take approximately three to four months from the signing of the Franchise Agreement to commence operations of your Franchised Business. The actual length of this period will depend upon factors such as your ability to complete the Jumpstart Program and the Initial Training Program. Under the Franchise Agreement, you must complete the Initial Training Program within six (6) months after signing the Franchise Agreement. If the Initial Training Program has not been completed within six (6) months, we may, at our sole discretion, elect to terminate your Franchise Agreement, though we reserve the right to grant you an extension upon your reasonable request. (Franchise Agreement, Articles 5, 7.B., and 11.A).

Factors that may impact this length of time may include your ability to locate acceptable lease space, ability to secure permits, zoning and local ordinances, weather conditions, unforeseen delays in delivery or installation of equipment and fixtures, your ability to hire personnel, our training schedule, your ability to attend training and similar factors. If you fail to begin operations within the time agreed upon between you and us, we may terminate the Franchise Agreement (Franchise Agreement, Article 2.A).

Operations Manual

We will provide you with access to or a copy of our Operations Manual. We may provide you with a copy of our Operations Manual through an internal website we establish. Our Operations Manual contains proprietary information, and you must keep such information confidential. We may revise the Operations Manual at any time. The current Operations Manual table of contents, as of the date of this Disclosure Document, is attached to this Disclosure Document as Exhibit E. The Operations Manual contains 1,054 pages and the pages devoted to each topic are noted in the chart below.

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Topic	Approximate Number of Pages
OPERATIONS MANUAL	
1. JumpStart (Pre-Opening Procedures)	85
2. General Operations	145
3. Sales and National Accounts	59
4. Safety Procedures	58
5. Tracking System (Electronics)	163
6. Tracking System (Art)	132
7. Affiliate Procedures (Electronics)	99
8. Art Procedures	100
9. Textile Procedures	188
10. Continuing Education	25
Total Number of Pages	1,054

Initial Training Program

As soon as you sign the Franchise Agreement, you will enter our "JumpStart" program, which is approximately an eight to fifteen-week program that includes numerous required activities that must be completed prior to attending the in person Initial Training Program. It includes activities such as reading the Operations Manual, securing leased space, developing a sales alignment plan and proforma, securing all required permits, licenses, approved vehicles, hiring your first employees, and completing various preliminary training modules. Most JumpStart activities will be completed within your PAR, with phone assistance from our staff.

Included with the Initial Package is one slot to our in-person Sales Training program, which is approximately 3 days, and held a various location across the USA. Due to COVID19, we have moved this sales training program entirely online, conducted in 10 one-hour sessions, and the change in venue allows for two attendees per location. This is subject to change.

At least one week before beginning operations of the Franchised Business, you, and your employees, must attend and successfully complete to our satisfaction, our Initial Training Program. The Initial Training is five days in length. Your failure to successfully complete training may result in termination of the Franchise Agreement. Training may occur at our training facilities in Livonia, Michigan, or at a franchisee's location (within the continental USA), which we will schedule with you. We offer the training program as we determine necessary. You must pay for the salaries, fringe benefits, travel costs and expenses, and related costs for the individuals associated with you who attend the training program, but there is no separate fee for you and up to two additional people to attend the initial training program. If you purchased a second or third Service Line, you may receive one additional spot in the initial training program per Service Line added. The cost of additional training is disclosed in Item 6 under "Training". The cost does not include hotel, transportation, or most meals.

Any training provided by us to any of your employees will be limited to training or guiding the employees regarding the delivery of approved services to customers in a manner that reflects the customer and client service standards of RSFG. You are and will remain the sole employer of your employees during all training programs, and you are solely responsible for all employment decisions and actions related to your employees. You must ensure that your employees receive adequate training.

As of the date of this Disclosure Document, the initial pre-training program is as listed below. The "Who" column indicates who will attend that training, the Franchisee, BDM, or Restoration Personnel.

PRE-TRAINING PROGRAM ("JUMPSTART")

Subject	**Hours of Classroom Training**		**Hours of On-the-Job Training**		**Location**
	Low	*High*	*Low*	*High*	
Sales	24	35	0	0	Your Location / Online (During Covid19, all is online, after Covid19, some of the training will be done in person at various locations across the US.)
Marketing	3	4	0	0	Your Location / Online
General Sessions	12	14	0	0	Your Location / Online
The Job Cycle (Operations)	7	10	0	0	Your Location / Online
Safety	1	2	0	0	Your Location / Online
Financial / QuickBooks	8	10	0	0	Your Location / Online
Restoration Pre-Training - Art	3	5	0	0	Your Location / Online
Restoration Pre-Training - Electronics	3	5	0	0	Your Location / Online
Restoration Pre-Training - Textiles	4	6	0	0	Your Location / Online
Restoration Pre-Training - Documents	2	10	0	0	Your Location / Online
TOTAL	**67**	**101**	**0**	**0**	

As of the date of this Disclosure Document, the Initial Training program for New Franchisees is as follows:

INITIAL TRAINING PROGRAM – FRANCHISE OWNERS

Subject	**Hours of Classroom Training**		**Hours of On-the-Job Training**		**Location**
	Low	*High*	*Low*	*High*	
General	4	5			Our location in Livonia, MI, or various franchisee locations throughout the US
Sales	2	2	6	8	Our location in Livonia, MI, or various franchisee locations throughout the US
Customer Service			2	3	Our location in Livonia, MI, or various franchisee locations throughout the US
Operations	1	2	15	17	Our location in Livonia, MI, or various franchisee locations throughout the US
TOTAL	**7**	**9**	**23**	**28**	

As of the date of this Disclosure Document, the Initial Training program for BDMs is as follows:

INITIAL TRAINING PROGRAM - BDM

Subject	**Hours of Classroom Training**		**Hours of On-the-Job Training**		**Location**
	Low	*High*	*Low*	*High*	
General	2	3			Our location in Livonia, MI, or various franchisee locations throughout the US
Sales	2	2	20	24	Our location in Livonia, MI, or various franchisee locations throughout the US
Customer Service			3	4	Our location in Livonia, MI, or various franchisee locations throughout the US
Operations			3	4	Our location in Livonia, MI, or various franchisee locations throughout the US
TOTAL	**4**	**5**	**26**	**32**	

As of the date of this Disclosure Document, the Initial Training program for Art and Electronic restoration personnel (and Textile personnel if purchasing only the Textile Service Line) is as follows:

INITIAL TRAINING PROGRAM – RESTORATION PERSONNEL

Subject	Hours of Classroom Training		Hours of On-the-Job Training		Location
	Low	*High*	*Low*	*High*	
General	1	2			Our location in Livonia, MI, or various franchisee locations throughout the US
Operations	1	1	27	34	Our location in Livonia, MI, or various franchisee locations throughout the US
TOTAL	2	3	27	34	

(1) Michelle Justavino, Vice President of Business Administration, currently oversees our training. Ms. Justavino has a B.A. in Education, over twenty years of training experience including nine years overseeing our Continuing Education program for insurance adjusters, and thirteen years of experience in restoration. Additional employees and others who have at least 6 months' experience (for example, opening, operations or systems management) will assist in training.

(2) The instruction materials for the training consist of our Operations Manual and various presentations and demonstrations.

(3) We reserve the right to modify the training class schedule and length.

We may provide and require that you (if the franchisee is a sole proprietor) or your Principal Operator (if franchisee is an entity), your Designated Manager (if applicable) and other employees we designate to attend ongoing training. If you designate a new Designated Manager after the initial training program, the Designated Manager must complete the initial training program to our satisfaction within 60 days of hire or as we can reasonably accommodate in our regularly scheduled training course. In the event you are given a notice of default and the default relates, in whole or in part, to your failure to meet any operational standards, we may require as a condition of curing the default that you, your Designated Manager and any other employees that we deem appropriate again attend and successfully complete our initial training program or other training program that we designate. This training will be at your expense.

After completion of Initial Training, we may send a representative to your location to assist you with your initial efforts. Typically, this ranges from 1-3 days.

In addition, we may hold and require that you, your Principal Operator, Designated Manager, or other designated employees attend, at your expense, any conference, meeting, convention, or seminar. The cost of additional training is disclosed in Item 6 "Conference Fee and Refresher Training Fees", which is currently $250 per day per person, and does not include hotel, transportation, or most meals. At a minimum you are required to attend (a) a refresher training course every two years; and (b) the Franchise System Convention each year. Failure to attend such conferences, meetings or seminars may result in an administrative fee of $1,000 to compensate us for the employee time and expenses related to educating you and your employees with regards to the contents of such conference, meetings, or seminars.

ITEM 12

TERRITORY

You will be assigned a Primary Area of Responsibility ("PAR") where you must establish and operate an office for your Business. You will operate the Business from a specific location inside your PAR to which we must first consent. Except as described further below, you may only market and service customers located inside your PAR.

You will not receive an exclusive territory. You will face competition from other franchisees, from outlets that we own, or from other channels of distribution or other competition brands that we control. Specifically, if you have not been approved to perform a specific Service Line, or in the event of catastrophic loss, failure to accept or handle a job, or inability to handle a job, then, we, our Affiliates, or another RSFG Franchisee may service customers as outlined below.

Each PAR will contain a minimum population of 1,500,000 and a maximum population of 2,000,000. We currently use population data from GbBis in determining the population of your PAR. Your PAR will be specified by zip codes within which you may market and operate your Business. The number of zip codes included in your PAR will be determined by the population included in each zip code. You may not advertise to, or service in any way, customers located outside your PAR without our prior written consent.

Zip codes and/or their boundaries change periodically, and in the event of a future change, we will use our best efforts to ensure your PAR comprises approximately the same population in approximately the same geographic location. We will not otherwise alter the PAR during the term of this Agreement without your prior written consent.

Additionally, you do not have the right to sell the Approved Service Lines, or any other Restoration Services or any other related product or service through any other channel or method of distribution (including catalog sales, telemarketing, the Internet or any other existing or future form of electronic commerce), (together referred to as "Alternative Distribution Channels"), or to any person or entity for resale or further distribution. You also do not have the right to subfranchise, sublicense, assign or transfer your rights under this Agreement, except for an assignment or transfer as specifically provided in this Agreement.

Except as noted below, during the term of your Franchise Agreement, we will not: establish or operate, or license any other party the right to establish or operate a Franchised Business offering the same Approved Service Line at the same Service Level in which you are authorized to provide under the Franchise Agreement from an office or business address located inside your PAR, with the exception of Document Services. Even if approved to do Document Services, you do not have exclusive rights to perform Document Services in your PAR. Other Franchisees and/or any of our Affiliates may indirectly advertise inside your PAR by advertising in national or regional print or such other media not directed primarily at persons inside your PAR, but which may reach or be received by persons in the PAR. You may advertise either as a single Franchisee or, if the advertising venue encompassing your PAR includes another franchisee's PAR, we may require that you advertise as a prorated participant in a common group advertisement. You may not without our prior written consent, conduct any business outside your PAR, nor directly advertise outside your PAR, even if the area has not been awarded to another Franchisee or Affiliate offering the same Approved Restoration Services (an "Open PAR"), without our prior written consent. If there is someone who operates a different Service Line in the same PAR as you, they and you may market all the RSFG Approved Restoration Services, but they may not provide services other than the Service Lines that they are authorized to provide under their Franchise Agreement, and you may not provide services other than the Approved Service Lines you are authorized to provide under your Franchise Agreement. If you receive a lead for a service other than your Approved Service Lines, you must refer the lead to us, or to the Franchisee offering the applicable Service Line, as we direct.

If a customer located inside your PAR needs service outside your PAR, you may provide service to this customer provided that: (i) the service may only be performed in an Open PAR, and (ii) you receive

prior written permission from us. If at any time the Open PAR is awarded to another Franchisee or to one of our Affiliates, you must transfer all business you conducted inside the Open PAR to the new Franchisee or our Affiliate.

If you fail to properly perform a service or fail to provide a customer with a warranty in the form we prescribe, you will be given 30 business days to cure this default. If you fail to cure this default during the 30-day period we may refer the business to another System Franchisee or one of our affiliates to perform the work with no further obligation to you, financial or otherwise, and you agree to fully indemnify us for any non-compliant work you performed.

Except as noted in this item, we will not alter the PAR or your territorial rights during the term of the Franchise Agreement without your prior written consent. You do not receive the right to acquire additional franchises within or outside of your PAR unless you meet our then-current expansion requirements, pay us a fee, and sign another franchise agreement with us. You may not relocate your office without our prior written approval. We will approve the relocation of your office provided the new location meets our then current site criteria standards and the new location is located inside your PAR.

The Franchise Agreement does not grant you any franchisee options, rights of first refusal, or similar rights to acquire additional franchises.

Services Performed

Your Business will offer the Approved Service Lines, primarily for Service Level 1 claims. You may not offer services above the Service Level that you have been approved to offer. Service Levels are set by the complexity and scope of the restoration to be performed (collectively referred to as "Service Levels"). All Franchisees are automatically approved to perform Service Level 1 claims after their successful completion of Initial Training.

Art Service Line: Your skillset will determine what services you are approved to provide, which may include cleaning, repair, restoration, and/or conservation. If you are authorized to provide Art Services, should you encounter Artwork and Collectables that require services beyond your approved Service Level, or that carry an art insurance rider, you must contact us for approval prior to performing services on those items. We may approve you to service the Artwork and Collectables with or without assistance, or we may require you to refer the items to a location that has the appropriate Service Level approval for servicing that item. Considerations for approval include items such as training, education, certifications, years of experience, and other similar criteria. We also may require that you complete additional training for more complex items. Considerations for approval to additional Service Levels will be available in our Operations Manual and may be periodically updated.

Electronics Service Line: For any commercial claims above the Service Level for which you have been approved, you must contact us for approval prior to servicing the commercial claim. We may approve you to service the commercial claim with or without assistance. Considerations for approval include items such as staffing levels, available equipment, experience, and your financial qualifications. We also may require that you complete additional training for more complex jobs. You may not restore medical equipment, or any other equipment that requires third party certification without our prior written permission. If approved, you will need to retain a copy of the third-party certification in the customer file. Considerations for approval to additional Service Levels will be available in our Operations Manual and may be periodically updated.

Document Service Line: For any Document claims above the Service Level for which you have been approved, you must contact us for approval prior to servicing the claim. We may approve you to service the claim with or without assistance. Considerations for approval include items such as staffing levels, available equipment, experience, and your financial qualifications. We also may require that you complete additional training for more complex jobs. Considerations for approval to additional Service Levels will be available in our Operations Manual and may be periodically updated.

You must refer all jobs for Service Lines or Service Levels that you are not approved to do, to us, and we may assign the job to either our Affiliate or another System Franchisee who is approved to perform those Service Lines or Service Levels. We will assign to you any jobs that we receive for service in your PAR for the Service Lines and Service Levels that you are approved to service, with the exception of Document Services (see below). We, our Affiliates and/or another System franchisee may perform a job in your PAR if the job is at a Service Level that you have not yet been qualified to perform, or a Service Line you have not been approved to perform, provided that the location performing the work has been qualified to perform jobs of that Service Level and / or Service. For example, if you have not been qualified to do Service Level 2, but another Franchise is qualified, then they could complete the job in your PAR, but if you were also qualified to do Service Level 2 jobs, then the job would be assigned to you. Additionally, we, our affiliates and/or other System franchisees may perform a job in your PAR if you decline a job.

If there are more than one location approved to perform Document Services in a PAR, at the Service Level required for the claim, then we will assign the job to the location closest to the claim. Alternatively, we may elect to assign the claim in a round-robin manner. However, if you are approved to do Document Services at that Service Level, and you receive the call directly, you may service the Document claim.

If a customer directly contacts us, another System Franchisee or one of our Affiliates, and requests Service Lines different than those awarded to you (for example, if you were approved to do art restoration but not electronic restoration), and such job is in your PAR, we, our Affiliates, and/or other RSFG Franchisees may perform the work inside your PAR without any compensation to you.

If you should refer a job to Franchisee authorized to provide one or more Restoration Services, they may elect to pay you a referral fee, and vice versa. Alternatively, you and the referral Franchisee may elect not to pay each other referral fees. Should you elect to pay each other a referral fee, the referral fee should be agreed upon the parties in writing. Referral fees must be recorded in the Computer System but are excluded from Gross Sales for royalty calculation purposes, and do not count towards fulfillment of your minimum gross sales requirements.

In the event of catastrophic loss, which is defined as an area deemed by the government as a state or federal disaster area, or if you so request; then we may send a Commercial Loss Team ("CLT"), which may consist of RSFG, its Affiliates and other System Franchisees. (Although RSFG does not currently operate any franchises like the type being franchised, RSFG reserves the right to do so, additionally, we or our designees may supply management or administrative support in the event of a catastrophic loss). If we send a CLT, all referral fees will be paid as outlined in the then current Operations Manual by the parties to whom you referred the job(s).

National Accounts

We, and our Affiliates, have the right to create and implement local, regional, and national relationships with customers (a "National Account"). We reserve the right to contract these services to any other entity at any time or to complete them ourselves. We may designate a customer as a National Account based upon: (i) the size of the customer (if it encompasses the territories of two or more franchisees), (ii) size and/or scope of the work to be performed, and/or (iii) number of employees needed to complete the work. We or our designee will serve as the central contact within the System for all National Accounts to refer business, and we will assign the National Account business relationship for a specific project or portion of a project to a System Franchisee, or to one of our Affiliates, who is able to perform the services and do so within the timeframe required regardless of whether the National Account work will be performed inside or outside your PAR.

If the National Account work will be performed inside your PAR, we may assign the National Account work to you for any Primary Approved Services for which you are approved to perform, provided you meet all standards and requirements necessary to complete the work. To receive National Account work, you may be required to meet certain standards and requirements including entering into a separate agreement with the National Account vendor, paying a referral fee, being available for emergency response

24/7, agreeing to give a percentage discount, completing additional training, increasing your insurance, agreeing to the National Account's procedures, and/or meeting standards for response time or customer service. We reserve the right to charge a fee, not to exceed 1% of Gross Sales, or our actual costs in administering that program, whichever amount is more. We or a third party we designate (which may be another System Franchisee or Affiliate) may perform National Account work inside your PAR if you do not qualify to do the National Account work, or if you opt out of the program.

If we assign work for a National Account to you and you perform the work, you will retain all Gross Sales for the work you performed for the National Account and pay us our standard Royalty and National Marketing Fee as outlined in Article 8.B., as well as any National Account fees.

Procedures for referring National Account jobs outside of your Approved Service Line or Service Level, or for Document Services, will follow the same guidelines as referenced above in this Item 12, in the section titled "Service Levels".

Co-venturing.

Co-venturing is defined as any job or project that would require two or more System Franchisees that offer the same Service Lines to complete. You may not service a customer if doing so is beyond your current equipment and/or personnel capabilities, or if it would disrupt the normal servicing of your customers without our prior written approval. Co-venturing with other franchisees must be managed through us, and you may not negotiate directly with other System Franchisees for co-venturing at any time. We will determine whether to approve a co-venture or require that you refer the job to us or one of our Affiliates.

Rights We Reserve

We retain all rights that are not expressly granted to you under the Franchise Agreement. Further, we or our Affiliates may, among other things, on any terms and conditions we deem advisable, without compensation to any franchisee, and without granting you any rights:

(i) establish and operate a franchised or affiliate-owned business offering any or all Restoration Services whose office or business address is located outside your PAR;

(ii) establish and operate, and/or license others to establish and operate, within and outside of your PAR, any business offering the same services you are authorized to provide under the Franchise Agreement under marks other than the Trademarks, which business or businesses may solicit and provide services to any customer located inside and outside your PAR;

(iii) establish and operate, and/or license others to establish and operate, within and outside of your PAR, any business providing services other than the Approved Services Lines you are authorized to provide under the Franchise Agreement under the same or different Trademarks or any other marks, which business or businesses may solicit and provide services to any customer located inside and outside your PAR, including, without limitation, Document Restoration;

(iv) offer, sell or distribute, within and outside your PAR, any products associated with the System (now or in the future) and/or identified by any of the Trademarks, or any other marks, through any distribution channels or methods, including, without limitation, to other recovery, repair and restoration of Artwork and Collectibles, fabric, clothing and textiles, document, books, and paper, electronic restoration, and/or data recovery, businesses, stores or locations, and/or any business or store of any kind, and/or by mail order, catalogue, and/or the Internet (or any other existing or future form of electronic commerce);

(v) merge with, acquire or become associated with any businesses or stores of any kind under other systems and/or other marks, which businesses and stores may convert to or operate under the Trademarks and offer or sell products and services that are the same as, similar to, or different than the products and services offered at or from your Business, and which may be located anywhere within or outside your PAR; and

(vi) we reserve the exclusive right to market to all national and regional offices for insurance adjusters, general contractors or re-construction services, contents cleaning companies, third-party administrators, or similar restoration industry business concepts even if such office is in your PAR. However, we agree to refer to you all residential, and those commercial jobs for your Approved Service Lines and for which you qualify, that are in your PAR, and which are attained from these solicitations.

We are not required to pay you any compensation if we exercise any of the rights specified above inside or outside your PAR except as described in this Item.

Although we have the right to do so (as described above), we have not operated or franchised, and have no plans to operate or franchise, other businesses selling similar products or services under different proprietary marks.

Except for as described in this Item 12, we do not restrict you from soliciting or accepting orders from any customer or potential customer located within your PAR.

RSFG, ERSI, ART Inc., and/or its Affiliates also locate, sell, and manage restoration projects throughout the United States. Nothing in this Item 12 limits our or our Affiliates' right to investigate, estimate, manage, and conduct such work within your PAR for prospective and existing National Accounts.

Additional Franchises

Upon receiving your written request, we may award you additional franchises, at our discretion, provided that you meet the then current criteria we utilize in the awarding of additional franchises. The criteria to be awarded an additional Franchise are listed in our Manuals and may be updated at any time. Such criteria may include items such as the below:

A. You have been operating your business for at least one year and are in compliance with your Franchise Agreement in all major respects.

B. You are not operating in default and have not been in default during the preceding 12 months.

C. Funding – You are able to pay the full Franchise Fee, purchase another Turn-Key Business Package, secure a physical location in the new PAR, hire a BDM and other staff to run the location, and have enough working capital to operate and market the new business without affecting your current Franchised Business.

D. Outstanding Fees – All Royalty and National Marketing Fund Fees are current for the past twelve months (this includes entering in payments into the software the week they are received). No other outstanding payments are outstanding to RSFG or any of its Affiliates.

E. Vehicles – Your vehicles are in good working order, and with the approved color and decals.

F. Uniforms – You and your staff wear the approved uniform when interacting with customers/referral partners.

G. Insurance – All of your insurance policies are current and meet the then current minimum requirements, and evidence satisfactory to us has been submitted to the Home Office.

H. Conventions / Meetings – You are in compliance with regular attendance at all Conventions / Meetings (at least one per year).

I. Reports – You submit on time, all profit & loss statements, bank statements, deposit details, tax returns, and any other required reports, during each of the past 12 months.

J. Minimum Revenue – Meeting the minimum revenue requirements in each of your PARs over the last twelve months.

K. Minimum Sales Activity Score – Meeting a minimum Sales Activity Score of 60 or more in each of your PARs over the past 12 months.

L. Other Requirements – The territory may not be currently engaged in active sale process with an identified candidate. The expansion may not hamper the ability to sell an adjacent territory. In the last twelve months you have not previously expanded or had your business up for sale. You must follow all of the Expansion Procedures, including but not limited to the execution of all required documents and the payment of any fees.

Minimum Royalty Requirement

Following your first full year of operation of a Franchised Business, each month during the term of this Agreement, you must pay us a minimum monthly royalty fee (the "Minimum Monthly Royalty"). The Minimum Monthly Royalty is based on years of operation, the number of Service Lines that you operate, and is per PAR, as outlined in the table below.

Years in business	Minimum Monthly Royalty per PAR		
	Single Service Line	Two Service Lines	Three Service Lines
Year 1	No Minimum	No Minimum	No Minimum
Year 2	$1,050	$1,575	$2,100
Year 3	$1,275	$1,913	$2,550
Year 4	$1,425	$2,138	$2,850
Years 5 or more	$1,650	$2,475	$3,300

Should you not meet the Minimum Monthly Royalty, then we may charge you a fee for the difference (the "Shortfall"). For example, if the Minimum Monthly Royalty is $1,425 in a month, and you paid royalty of $1,000, then the minimum royalty fee would be $425 ($1,425-$1,000).

In addition, should we assess a Shortfall for three or more months in a twelve-month period, then we may also elect to establish another franchisee or affiliate in your PAR and/or allow another franchisee or an affiliate to advertise and service customers located inside your PAR.

There is no additional Minimum Monthly Royalty requirement for Document Services.

The Minimum Monthly Royalty applicable to the Business you operate may vary from the performance standards applicable to other RSFG Franchised Businesses due to geographic area and other variables. We reserve the right to adjust the Minimum Monthly Royalty requirement for oversized PARs.

Failure to pay the Minimum Monthly Royalty constitutes a default under the Franchise Agreement. We will not modify your PAR if you fail to pay the Minimum Monthly Royalty or based upon any other contingency. If you fail to cure any Minimum Monthly Royalty default by paying the Minimum Monthly Royalty within 30 days, we may terminate the Franchise Agreement.

ITEM 13

TRADEMARKS

We grant you the right to operate the Franchised Business under the marks we designate, based on the Approved Restoration Services you are authorized to provide under the Franchise Agreement. We may

also permit you to use our other current or future trademarks to operate your Franchised Business, as we determine in our sole discretion. The term "trademark" includes service marks, trade names, slogans, insignia, logos, labels, and trade dress. We currently have no marks registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"), but our affiliates own the following registrations on the Principal Register of the USPTO for the following Proprietary Marks:

Principal Trademarks	Registration Date	Registration Number	Register	Owner
Prism Specialties (word mark)	Filed June 21, 2021 ***	Pending *** (Serial Number 90785062)	Principal	RSFG
	Filed August 13, 2021 ***	Pending *** (Serial Number 90881651)	Principal	RSFG
	Filed October 5, 2021 ***	Pending *** (97060844)	Principal	RSFG
	Filed October 5, 2021 ***	Pending *** (97060841)	Principal	RSFG
(word plus design logo)	December 11, 2012	4257047*	Principal	ART, INC.
(word plus design logo)	August 11, 2009	3,665,865**	Principal	ERSI

Principal Trademarks	Registration Date	Registration Number	Register	Owner
 (word plus design logo)	March 23, 2010	3,762,627**	Principal	ERSI
Electronic Restoration Services (word mark)	August 19, 2014	4587486**	Principal	ERSI
ERS (wordmark)	August 19, 2014	4587485**	Principal	ERSI
 (word plus logo design)	May 25, 2021	6365240	Principal	RSFG
 (Wordmark plus design)	May 25, 2021	6381179	Principal	RSFG
TEX (Wordmark)	June 8, 2021	6381178	Principal	RSFG

Principal Trademarks	Registration Date	Registration Number	Register	Owner
(Wordmark plus design)	8/18/2015	4794257 **	Principal	ERSI
DFD (Wordmark)	2/16/2010	3749756 **	Principal	ERSI

Our affiliate, Art Recovery Technology, Inc., has filed all applications, required affidavits, and renewals for the Proprietary Mark listed and marked with an"*" above. Our affiliate, ERSI, has filed all applications, required affidavits, and renewals for the Proprietary Marks listed and marked with an "**" above.

The trademark registration applications identified with a *** in the above table, are still pending. We do not have a federal registration for these principal trademarks. Therefore, these trademarks do not have many legal benefits and rights as a federally registered trademark. If our right to use any of these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We and our principals derived the right to use the Proprietary Mark, including the marks listed above, from a licensing agreement entered with: (a) Art Recovery Technology, Inc. on July 11, 2016 and amended on March 10, 2021 for the Proprietary Marks marked with "*"; and (b) ERSI on April 6, 2012 and amended on July 11, 2016 and March 10, 2021 for the Proprietary Marks marked with "**", (collectively referred to as the "License Agreement"). The License Agreements extend for an unlimited term, subject to earlier termination in accordance with its contractual provisions. Art Recovery Technology, Inc. and/or ERSI may terminate the applicable License Agreement as follows: (i) if we materially breach the terms of the License Agreement or (ii) upon mutual written agreement of the parties. The License Agreements do not have any other material limitations. If the License Agreement that pertains to the Proprietary Mark you are licensed to use is terminated, your rights to use the Proprietary Mark will also be terminated, unless we notify you of a change to the Proprietary Mark as further described below in this Item 13 and the Franchise Agreement.

There are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; no pending interference, opposition, or cancellation proceedings; nor any pending material litigation involving the Proprietary Mark.

You must promptly notify us of any suspected unauthorized use of any of the Proprietary Marks, any challenge to the validity of any of the Proprietary Mark, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, any of the Proprietary Marks. We have the sole right, though not the obligation, to direct and control any administrative proceeding or litigation involving

the Proprietary Marks, including the right to settle the proceedings or litigation, and to affirmatively prosecute actions against third parties for infringement or threatened infringement of any of the Proprietary Marks.

We also have the right, though not the obligation, to defend you against any third-party claim, suit, or demand arising solely out of your use of the Proprietary Mark you are licensed to use under the Franchise Agreement, provided you are using the Proprietary Mark in a manner expressly authorized by us. If we, in our sole discretion, determine that you have used the Proprietary Mark in accordance with the Franchise Agreement and the Operations Manual, we will pay the cost of defending the action, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Proprietary Mark in accordance with the Franchise Agreement and the Operations Manual, you will be required to pay for the defense or to reimburse us for costs we incurred in providing the defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Proprietary Mark you are licensed to use under the Franchise Agreement, you are required to sign all documents and assist us, as we deem necessary, to carry out the defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Mark in a manner not in accordance with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in performing such acts.

We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Mark in any state. Therefore, before entering into the Franchise Agreement, you should make every effort to ascertain that there are no existing uses of the Proprietary Mark or confusingly similar marks being used in the market area where you wish to do business. You should immediately notify us of any confusingly similar marks you discover.

You cannot register any of the Proprietary Marks now or hereafter owned by us or any abbreviation, acronym or variation of the Proprietary Mark, or any other name that could be deemed confusingly similar, as internet domain names. We retain the sole right to advertise the system on the internet and to create, operate, maintain, and modify, or discontinue using of a website using the Proprietary Mark.

You may use only the Proprietary Mark which we designate and may use them only in the manner we authorize and permit. Any goodwill associated with Proprietary Mark, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit. You may use the Proprietary Mark designated in your Franchise Agreement only for the operation of the Franchised Business and only at the Franchised Business or in advertising for the Franchised Business. You must use all Proprietary Marks without prefix or suffix and in conjunction with the symbols “SM,” “TM,” “S” or “R,” as applicable. You may not use any of the Proprietary Marks in connection with the offer or sale of any services or products, which we have not authorized for use in connection with the System. You may not use any of the Proprietary Marks as part of your corporate or other legal name. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use. You must use your corporate or limited liability company name either alone or followed by the initials “D/B/A” and the business name “Prism Specialties” You must promptly register at the office of the county in which your Franchised Business is located, or such other public office as provided for by the laws of the state in which your Franchised Business is located, as doing business under your assumed business name.

All your advertising must prominently display the designated Proprietary Mark and must comply with our standards for using the Proprietary Mark. You may use the designated Proprietary Mark including, without limitation, trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by the Franchise Agreement or by our prior written consent. You must submit to us and we must approve all advertising, publicity, signs, stationary, business cards, forms, decorations, furnishings, equipment, or other materials employing the Proprietary Mark, or related marks, before first publication or use. We will not unreasonably withhold our approval. You must identify yourself as the owner of the Franchised Business (in the manner we prescribe) in conjunction with any use of the

Proprietary Mark including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as we may designate in writing in.

We reserve the right to substitute different Proprietary Marks for use in identifying the System and the businesses operating thereunder. You must discontinue using all Proprietary Marks which we have notified you, in writing, have been modified or discontinued within ten (10) days of receiving written notice and must promptly begin using such additional, modified or substituted Proprietary Mark at your expense.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or copyrights that are material to the franchise, however, we claim common law copyright and trade secret protection for several aspects of the System including our Operations Manual, advertising, and business materials.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of this unauthorized use. We may revise any of our copyrighted materials in our discretion and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing, or other business materials.

During the term of the Franchise Agreement, you will receive information which we consider to be our trade secrets and confidential information, including but not limited to methods of restoration; the Restoration Services; information regarding the setup of an Franchised Business; information about proprietary merchandise; any proprietary software we may now or in the future create; our Operations Manual; trade secrets; price marketing mixes related to the sale of goods or services offered or authorized for sale by System franchisees; standards and specifications for restoration equipment, equipment layout, and lighting; systems and training manuals; training systems; compensation systems; marketing strategies; online marketing systems; merchandise sales systems; sales training; location identification and acquisition; general operations; our copyrighted materials; and methods and other techniques and know-how concerning the of operation of the Franchised Business which may be communicated to you or of which you may be apprised by virtue of your operation of a Franchised Business (collectively, the "Confidential Information"). You shall not, during the term of the Franchise Agreement or after, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information except to your employees that must have access to it to operate the Franchised Business. Certain additional information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer service purchasing histories, (iv) rates charged to customers, and (v) sources of suppliers and purchasing arrangements with suppliers, also constitute our trade secrets and Confidential Information. All information, knowledge, know-how, techniques, and other data, which we designate as confidential will be deemed Confidential Information for purposes of the Franchise Agreement. We have expended considerable time, effort, and money to develop the System, and the Confidential Information is not well known outside of the System. The Confidential Information is of great value to us, and we are implementing this non-disclosure policy to protect our trade secrets and Confidential Information.

If you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of the Franchised Business, you must promptly notify us and provide us with all necessary related information, without compensation. Any such concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights, and other related intellectual property rights. You and your principals will assign to us any rights you may have or acquire, including the right to modify the concept, process, or improvement, and otherwise must waive and/or release all rights of restraint and moral rights. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process, or

improvement in all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing these rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any concept, process, or improvement. If these provisions are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process, or improvement if this use or sublicense would otherwise directly or indirectly infringe your rights.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

During the term of the Franchise Agreement, you (if franchisee is a sole proprietor) or the Principal Operator (if franchisee is an entity) must devote full time and best efforts to the management of the Business. You must provide direct supervision to the Business. If we grant you express, written permission, you can hire a Designated Manager to perform your management obligations, including supervising your restoration personnel. You, your Designated Manager, and any other individuals we designate must complete our training course. The Designated Manager need not have any equity interest in the franchise and/or franchisee entity (if applicable). The use of a Designated Manager in no way relieves you of your obligations to comply with the Franchise Agreement and to ensure that the Business is properly operated. If you fail to adhere to the above obligations, such failure will be deemed a default under the Franchise Agreement and, to ensure the continued integrity of our Trademarks and system, we may service all customer accounts of the Business on a temporary basis until you cure the default.

You (or at least one of your principals if you are a corporation or partnership) must personally supervise the day-to-day operations of the Franchised Business. You must devote your personal full-time attention and best efforts to the management and operation of the Franchised Business. You may, however, delegate the day-to-day management of your Franchised Business to a manager (the "Designated Manager"). We must approve your Designated Manager and your Designated Manager must successfully complete our Initial Training Program before assuming any managerial responsibility. At all times, your Franchised Business must be staffed by you (or one of your principals, who must have completed our Initial Training Program,) and/or your Designated Manager. If you operate more than one physical location, you must have one (1) or more properly trained Designated Manager(s) who has been approved by us at each location. You shall keep us informed at all times of the identity of any employee acting as a Designated Manager of a Franchised Business. Designated Manager shall devote their full time and best efforts to the day-to-day operation and management of the Franchised Business and shall not engage in any other business activity without our prior written consent. Franchisee, and if applicable, its owners, partners, and any spouses of the forgoing must execute the form of Personal Guaranty attached to the Franchise Agreement as Exhibit A.

All shareholders, officers, directors, partners, members and all managers and other employees having access to our proprietary information must execute non-disclosure, non-solicitation, and non-competition agreements in a form we accept.

Any person or entity that is an owner of 5% or more of the franchisee, or any time becomes an owner of a minority interest of the franchisee, must execute the form of personal guaranty attached to the Franchise Agreement, whereby each guarantor personally guarantees the obligations of the franchisee (Franchise Agreement, Exhibit A).

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Item 8 of this Disclosure Document describes our requirements for approved supplies and vendors. You must offer for sale at the Franchised Business all the services and products that we periodically require, and you may not offer at the Business any unapproved services or products or use the office location (if applicable) for any purpose other than the operation of the Franchised Business nor may any products be sold to consumers or contractors without our prior written approval. You may not perform restoration services except for those Service Lines for which you have been approved.

Your skill set will determine what specific services you are approved to provide, which may include for example, cleaning, repair, restoration, commercial work, and/or conservation (collectively referred to as "Service Levels"). You may not offer for services above the Service Level that you have been approved to offer.

If you are authorized to offer Art Services, you will be approved to at a minimum offer Service Level 1 cleaning services. Should you encounter Artwork and Collectables that require services beyond your approved service level, or that carry an art insurance rider, you must contact us for approval prior to performing services on those items. We may approve you to service the Artwork and Collectables with or without assistance, or we may require you to refer the items to a location that has the appropriate Service Level approval for servicing that item. Considerations for approval include items such as training, education, certifications, years of experience, and other similar criteria. We also may require that you complete additional training for more complex items. Considerations for approval to additional Service Levels will be available in our Operations Manual and may be periodically updated.

If you are authorized to offer Electronic Services, you will be approved to a minimum offer Service Level 1 electronic commercial services. You may not perform Service Level 2 or above electronic commercial restoration services until we in our sole judgment, determine that you have gained sufficient experience in the performance of commercial restoration services. As you grow and become a more experienced franchisee, we may come to an agreement that you may begin to handle those larger commercial jobs, with the proper guidance. We estimate that it will take at least 1-2 years after you sign your Franchise Agreement for you to have sufficient experience to service commercial claims at Service Level 2. Additionally, you may not restore medical equipment, or any other equipment that requires third party certification without our prior written permission. If approved, you will need to retain a copy of the third-party certification in the customer file.

You must refer all Restoration Services other than the Service Lines that you were approved to perform in your Franchise Agreement to us or our designee. You must refer all Restoration Services that are at a Service Level above your approved Service Level to us or our designee. Any other services not covered by your Franchise Agreement license must be referred to a third party unless indicated otherwise in writing by us.

You may not resell, give, lease, rent or otherwise distribute any products that you purchase from us or our affiliates to any third-party.

You may not market to any national and regional offices for insurance adjusters, general contractors or re-construction services, contents cleaning companies, third-party administrators, even if such office is in your PAR without our prior written permission. However, we agree to refer to you all claims that you are qualified to service, that are in your PAR, and which are attained from these solicitations, in accordance with the provisions of this section.

Except as noted above, you are not otherwise restricted to the customers located in your PAR to whom you may sell products or services except as otherwise expressly provided in writing by us. The success of the Franchised Business is largely dependent on your ability to attract and retain customers.

You are an independent contractor with control and direction of the Franchised Business and operations, subject to the conditions and specified in the Franchise Agreement and Operations Manual. The Franchised Business you operate is separate and apart from any that we may operate. Neither you nor we may bind each other or make any representations tending to create apparent agency, employment, or partnership.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

	Provision	Article in Franchise Agreement	Summary
a.	Length of the franchise term	Article 4.A	Term is 10 years
b.	Renewal or extension of the term	Article 4.B	Two renewal terms equal to 10 years each
c.	Requirements for franchisee to renew or extend	Article 4.B	You give us written notice of your decision to renew at least 9 months before the end of the expiring term; you sign our then-current form of Franchise Agreement, which terms may be materially different than the original Franchise Agreement; you are not in default and have satisfied your obligations on a timely basis, including the Minimum Monthly Royalty; you make any updates to the Business facilities, equipment and supplies as we require; you comply with our training requirements; you sign a release; and you pay us a renewal fee equal to $10,000 for all Franchise Agreements being renewed at the same time. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new Franchise Agreement that contains terms and conditions materially different from those in your previous Franchise Agreement, such as different fee requirements and territorial rights If you do not qualify for renewal of your Franchise Agreement and, we may, in some cases, but are not required to, offer to enter into a Franchise Agreement for a smaller territory, or for some but not all of your PARs, and you would have the option to accept on the terms offered.
d.	Termination by franchisee	Article 11.B	Provided that you have been in full compliance with all terms and conditions of the Franchise

	Provision	Article in Franchise Agreement	Summary
			Agreement, you may terminate the Franchise Agreement for material breach, if you have given us 30-days written notice of breach and allowed us 30 days to cure, during which time we did not cure the breach
e.	Termination by franchisor without cause	Not Applicable	None
f.	Termination by franchisor with cause	Article 11.A	We can terminate the Franchise Agreement only if you default or fail to comply with your obligations
g.	"Cause" defined – curable defaults	Article 11.A	You have 10 days to cure the non-submission of reports and non-payment of amounts due and owing; 10 days to cure a default of failure to carry the insurance that we require provided that you refrain from serving customers during that time period; 60 days to cure a default of the Minimum Performance Standards and/or Customer Satisfaction Ratings; 24 hours to cure any default that materially impairs the goodwill associated with the Marks, violates any health or safety law or regulation, or if the operation of the Business presents a health or safety hazard to the public, your employees or customers; 30 days to cure defaults for the failure to abide by our standards and requirements in connection with the operation of the Business, or failure to meet any requirements or specifications established by us, and any other default not listed in "h" below
h.	"Cause" defined – non-curable defaults	Article 11.A	Non-curable defaults include: (i) willful and material falsification of any report, statement or other written data furnished to us; (ii) conviction of you, your Principal Operator or any Personal Guarantor of (or pleading no contest to) any felony or offense that brings or tends to bring any of the Trademarks into disrepute or impairs or tends to impair the goodwill of any of the Trademarks (e.g., offense involving crime of moral turpitude); (iii) your insolvency or any Personal Guarantor's insolvency; (iv) making an assignment or entering into any similar arrangement for the disposition of assets for the benefit of creditors; any unauthorized assignment or transfer of the Business, the Franchise Agreement or the stock of franchisee; (v) any instance where you willfully deceive customers relative to the source, nature or quality of services sold; (vi) any default that results from a subsequent audit of the Business conducted within

	Provision	Article in Franchise Agreement	Summary
			two years of a previous audit and both audits reveal a variance of 2% or more for failure to timely record payments received for Restoration Services in the Software; (vii) voluntary abandonment of the Business, (viii) servicing customers at a time when you are not carrying the insurance we require; (ix) violation of any covenant of confidentiality, non-disclosure or noncompetition; or (xi) any default by you that is the third similar default within any 12 month consecutive period. Furthermore, we may declare the Franchise Agreement null and void if you make any material misrepresentation on the franchise application or otherwise relating to the acquisition of the franchise
i.	Franchisee's obligations on termination/non-renewal	Article 12	Obligations include complete de-identification and payment of amounts due, assignment of lease upon our demand, assignment of all telephone numbers used in connection with the Business (e.g., employee cell phones), domain names and all e-mail addresses used for Business-related matters (including personal accounts as applicable), and return of Operations Manual and related writings (also see o and r below)
j.	Assignment of contract by franchisor	Article 15	No restrictions on our right to assign
k.	"Transfer" by franchisee - defined	Article 14.A	Includes any transfer of your interest in the Franchise Agreement or in the Business or any ownership change listed in Article 14.A of the Franchise Agreement
l.	Franchisor approval of transfer by franchisee	Article 14.B	We have the right to approve all transfers but will not unreasonably withhold approval
m.	Conditions for franchisor approval of transfer	Article 14.C	Transferee meets all of our then-current requirements for a franchisee, transfer fee paid, all amounts owed by prior franchisee paid, required modernization is completed, training completed, required guarantees signed, necessary financial reports and other data on franchise business is prepared, release signed by you, non-compete signed by you (also see r below); we also have the right to temporarily assume management and control of customer accounts of the Business during any transition period to ensure the continued integrity of the Trademarks and system

	Provision	Article in Franchise Agreement	Summary
n.	Franchisor's right of first refusal to acquire franchisee's business	Article 14.E	We can match any offer for the Business assets, and, in the case of a proposed stock sale, we can purchase the Business assets at a price determined by an appraiser, unless you and we agree otherwise.
o.	Franchisor's option to purchase franchisee's business	Not Applicable	None
p.	Death or disability of franchisee	Article 14.D	You can transfer your franchise rights to your heir or successor in interest like any other transfer, provided the person is approved by us, satisfies our training requirements and other transfer conditions. During any transition period, we have the right to assume management and control of the Business
q.	Non-competition covenants during the term of the franchise	Articles 10.D.1 and 10.D.2	No direct or indirect involvement in any business that: (a) sells or offers services that are the same as or similar to any of the Service Lines, any services offered or provided by the Franchised Businesses or its Affiliates, or any other restoration business (each a "Competing Business"), and/or (b) offers or sells franchise opportunities or license opportunities for a Competing Business. The term Competing Business does not include a Franchised Business operated pursuant to a Franchise Agreement.
r.	Non-competition covenants after the franchise is terminated or expires	Articles 10.D.1 & 10.D.3	No direct or indirect involvement in a Competing Business for 2 years following the expiration, transfer, or termination of the Franchise Agreement: (i) in the PAR, (ii) within 40 miles of the former PAR, (iii) within the PAR of another System Franchisee; or (iv) within the PAR of an Affiliate who operates under any of the Proprietary Trademarks.
s.	Modification of the agreement	Articles 3, 6 & 16.B	No modifications generally, but we have the right to change the Operations Manual, list of authorized trademarks and list of Authorized Products and Vendors
t.	Integration/merger clause	Article 16.B	Only the terms of the Franchise Agreement and other related written agreements (including System Standards in the Operations Manual) are binding (subject to state law). Any statements or promises not in the Franchise Agreement or this Disclosure Document should not be relied upon and may not be enforceable

	Provision	Article in Franchise Agreement	Summary
u.	Dispute resolution by arbitration or mediation	Article 13	With the exception of certain claims, all claims or disputes between you and us must be submitted first to mediation in the city and state of our National Headquarters (currently, Livonia, Michigan) (subject to state law)."
v.	Choice of forum	Article 16.I	Litigation must be in the applicable state or federal district court where our national headquarters is located (currently Livonia, Michigan), subject to state law
w.	Choice of law	Article 16.I	Except for claims under federal trademark law, the law of the state of Michigan will govern any dispute, subject to state law and except that any Michigan laws relating to franchises will not apply unless the jurisdictional requirements of such laws are satisfied independent of Article 16.I

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote our franchise, but we reserve the right to do so in the future.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The following tables show Gross Sales, and Job Size for Franchisees by Service Line and / or number of Service Lines.

As of December 31, 2021, there were: (a) 32 Franchisees operating 71 Franchises offering Electronic Services; (b) 32 Franchisees operating 63 Franchises offering Art Services; and (c) 25 Franchisees offering Textile Services. Of those (a) (b) (c), there are 11 locations that operate a single Primary Service Line and 13 that operate two Primary Service Lines and 19 that offer 3 Primary Service Lines. As of December 31, 2020, there were: (a) 36 Electronics Franchisees operating 71 Electronics Franchises; (b) 29 Art Franchisees operating 58 Art Franchises; and (c) 5 locations participating in the Textile pilot under their Electronics or Art Franchise Agreement. Of those (a) (b) (c), there are 21 locations that operate a single Service Line and 25 that operate two or more Service Lines. All charts exclude Franchises that were not open for a full 12-month period. In 2021, results were excluded for 10 locations that were signed but not opened (1 Electronics, 2 Art, 7 Textile); for 3 Electronics location that closed in 2021; and for 11 locations that were not open for a full 12-month period (3 Electronics, 2 Art, and 6 Textile). In 2020, 2 Electronics locations and 4 Art locations were excluded, because they have signed but are not yet open, and 1 Electronics location because it closed in 2020.

We have not included the results of our Affiliates because a substantial amount of their revenue is from Franchisees who have referred work to them, which is different from the scope of work that will be performed by the businesses described in this Disclosure Document.

Notes:

"Gross Sales" is the total revenue collected, derived from the sale of restoration services, less tax, discounts, allowances, returns or refunds. Gross Sales are as reported to us in the software or Textile statement. It does not include any referral fees paid to them or revenue for other sources.

"Average" is the sum of all jobs that make up the Gross Sales above, divided by the number of jobs in that set.

"Median" is found by taking the total number of jobs that make up the Gross Sales above and finding the middle number in that set.

All numbers are as reported by the Franchisees to us in the Software. As the software used for Textile Services was not available at the beginning of the pilot, Textile numbers for 2020 are as reported to us by them in a statement. In 2021, there were Franchisees who owned multiple franchises but report their results to us through a single instance of the Software, including twenty-two (22) electronic locations and sixteen (16) art locations. As such these Franchisee's results are consolidated in the tables below. In 2021, thirty-two (32) Franchisees operate multiple Service Lines, for the tables that show revenue by number of Service Lines, all such results are consolidated. In 2020, Twenty-six (26) Electronics Franchisees, and twenty-two (22) Art Franchisees owned multiple franchises but report their results to us through a single instance of the Software. As such these Franchisee's results are consolidated in the tables below. In 2020, Twenty-five (25) Franchisees operate multiple Service Lines, for the tables that show revenue by number of Service Lines, all such results are consolidated.

TABLE 1: AVERAGE AND MEDIAN ELECTRONIC GROSS SALES FOR LOCATIONS OPEN ONE OR MORE YEARS BY SERVICE LINE

Table 1 below identifies average Gross Sales information for the by Service Line for the calendar years of 2019, 2020 and 2021, who had the Service Line open one or more year as of the year reported, and who were open as of December 31 of the calendar year reported. Table 1A shows the 2021 results of the 33 Franchises operating the Electronic Service Line, 29 Franchisees operating the Art Service Line, and 12 Franchisees operating in the Textile Service Line. Table 1B shows the 2020 results of the 36 Franchises operating the Electronic Service Line, 29 Franchisees operating the Art Service Line, and 5 Franchisees operating in the Textile Service Line pilot program. Table 1C shows the 2019 results of the 27 Franchises operating the Art Service Line, and 35 operating the Electronics Service Line, there were no units that met the criteria for the Textile Service Line.

AVERAGE AND MEDIAN GROSS SALES FOR FRANCHISEES OPEN ONE OR MORE YEARS BY SERVICE LINE IN 2021

YEAR 2020	Service Line	Revenue	High	Low	Number of Locations	Number At or Above Average/ Median	Number Below Average/ Median	% At or Above Average/Median	% Below Average/ Median
Average	Art	$437,596	$1,299,064	$87,227	29	12	17	41%	59%
	Electronics	$664,851	$2,775,057	$156,503	33	9	24	27%	73%
	Textiles	$361,598	$1,524,832	$24,315	12	3	9	25%	75%
Median	Art	$397,983	$1,299,064	$87,227	29	15	14	52%	48%
	Electronics	$429,877	$2,775,057	$156,503	33	16	17	48%	52%
	Textiles	$221,967	$1,524,832	$24,315	12	6	6	50%	50%

AVERAGE AND MEDIAN GROSS SALES FOR FRANCHISEES OPEN ONE OR MORE YEARS BY SERVICE LINE IN 2020

YEAR 2020	Service Line	Revenue	High	Low	Number of Locations	Number At or Above Average/ Median	Number Below Average/ Median	% At or Above Average/Median	% Below Average/ Median
Average	Art	$402,905	$1,060,580	$81,164	29	12	17	41%	59%
	Electronics	$632,943	$2,255,502	$138,793	36	13	23	36%	64%
	Textiles	$338,657	$677,463	$120,352	5	2	3	40%	60%
Median	Art	$359,664	$1,060,580	$81,164	29	15	14	52%	48%
	Electronics	$491,675	$2,255,502	$138,793	36	18	18	50%	50%
	Textiles	$204,027	$677,463	$120,352	5	3	2	60%	40%

AVERAGE AND MEDIAN GROSS SALES FOR FRANCHISEES

OPEN ONE OR MORE YEARS BY SERVICE LINE IN 2019*

YEAR 2019	Service Line	Revenue	High	Low	Number of Locations	Number At or Above Average/ Median	Number Below Average/ Median	% At or Above Average/Median	% Below Average/ Median
Average	**Art**	$357,090	$1,099,201	$62,823	27	10	17	37%	63%
	Electronics	$666,566	$1,808,334	$72,430	35	13	22	37%	63%
Median	**Art**	$391,595	$1,099,201	$62,823	27	14	13	52%	48%
	Electronics	$601,232	$1,808,334	$72,430	35	18	17	51%	49%

* Textile results not included as there were no units open for a full 12-month period in 2019.

TABLE 2: AVERAGE AND MEDIAN ELECTRONIC GROSS SALES FOR LOCATIONS OPEN ONE OR MORE YEARS BY NUMBER OF PRIMARY SERVICE LINES

The table below identifies average and median Gross Sales information by the number of Primary Service Line operated by a Franchisee during the 2021 calendar year, for those Franchisees who had that Service Line open one or more years as of December 31, 2021. Note: for Franchisees that opened a third Primary Service Line during 2021, their Gross Sales for that newly opened Service Line is excluded, but their Gross Sales for their other Service Lines that had been open for one or more years are included below. This chart represents the results of the 13 Franchisees operating one Service Line, 21 Franchisees operating two Service Lines, and 7 operating three Primary Service Lines.

AVERAGE AND MEDIAN GROSS SALES FOR FRANCHISEES

OPEN ONE OR MORE YEARS BY PRIMARY NUMBER OF SERVICE LINES

Method	Service Line	Revenue	High	Low	Number of Locations	Number At or Above Average/ Median	Number Below Average/ Median	% At or Above Average/ Median	% Below Average/ Median
Average	Single	$436,375	$1,299,064	$156,503	13	4	9	31%	69%
	Two	$1,123,187	$3,714,520	$349,696	21	6	15	29%	71%
	Three	$1,388,239	$2,164,164	$705,257	7	3	4	43%	57%
Median	Single	$395,824	$1,299,064	$156,503	13	7	6	54%	46%
	Two	$840,693	$3,714,520	$349,696	13	11	10	52%	48%
	Three	$1,335,744	$2,164,164	$705,257	7	4	3	57%	43%

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TABLE 3: JOB SIZE

The tables below identify information relating to job size by Primary Service Line during the 2021 calendar year for the 33 Franchises operating the Electronic Service Line, 29 Franchisees operating the Art Service Line, and the 12 Franchisees operating the Textile Service Line who had that Service Line open one or more years as of December 31, 2021. Job Size is the average and median of all gross sales of jobs performed in the Service Lines indicated below.

TABLE 3

AVERAGE AND MEDIAN NUMBER OF JOBS RECEIVED BY SERVICE LINE

	Service Line	Average	High	Low	Number of Locations	Number At or Above Average/ Median	Number Below Average/ Median	% Above Average/ Median	% Below Average/ Median
Average	Art	$4,328	$8,266	$1,723	29	15	14	52%	48%
	Electronics	$3,687	$8,126	$1,630	33	15	18	45%	55%
	Textiles	$7,175	$9,920	$3,039	12	6	6	50%	50%
Median	Art	$4,388	$8,266	$1,723	29	14	15	48%	52%
	Electronics	$3,496	$8,266	$1,723	33	16	17	48%	52%
	Textiles*	$7,296	$9,920	$3,039	12	6	6	50%	50%

* This is to confirm that the median is higher than the average for Textiles.

The results include only revenue generated for the Service Lines indicated and do not include revenue from any other line of business.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Michelle Justavino at 12001 Levan Road, Livonia, Michigan 48150 or 1-888-826-9429, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1A - Systemwide Outlet Summary for Years 2019 to 2021

ART SERVICE LINE ONLY

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchisee	2019	54	57	+3
	2020	57	58	+1
	2021	58	60	+2
Company-Owned	2019	1	1	0
	2020	1	1	0
	2021	1	1	0
Total Outlets	**2019**	**55**	**58**	+3
	2020	**58**	**59**	+1
	2021	**59**	**61**	+2

Table No. 1B - Systemwide Outlet Summary for Years 2019 to 2021

ELECTRONIC SERVICE LINE ONLY

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchisee	2019	71	72	+1
	2020	72	71	-1
	2021	71	70	-1
Company-Owned	2019	1	1	0
	2020	1	1	0
	2021	1	1	0
Total Outlets	**2019**	**72**	**73**	**+1**
	2020	**73**	**72**	**-1**
	2021	**72**	**71**	**-1**

Table No. 1C - Systemwide Outlet Summary for Years 2019 to 2021

TEXTILE SERVICE LINE ONLY

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchisee	2019	0	3	3
	2020	3	11	8
	2021	11	18	7
Company-Owned	2019	0	1	1
	2020	1	1	0
	2021	1	1	0
Total Outlets	**2019**	**0**	**4**	**4**
	2020	**4**	**12**	**8**
	2021	**12**	**19**	**7**

Table No. 1D - Systemwide Outlet Summary for Years 2019 to 2021

SYSTEMWIDE OUTLET SUMMARY FOR THOSE OFFERING DOCUMENT SERVICES

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchisee	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Company-Owned	2019	1	1	0
	2020	1	1	0
	2021	1	1	0
Total Outlets	**2019**	**1**	**1**	**0**
	2020	**1**	**1**	**0**
	2021	**1**	**1**	**0**

Table No. 2A - Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) for Years 2019 to 2021

ART SERVICE LINE ONLY

State	Year	Number of Transfers
GA	2019	0
	2020	0
	2021	2
IL	2019	1
	2020	0
	2021	0
IN	2019	0
	2020	2
	2021	0
MA	2019	2
	2020	0
	2021	0
MD	2019	0
	2020	3
	2021	0
MN	2019	0
	2020	0
	2021	2
TX	2019	3
	2020	0
	2021	0
Total Outlets	**2019**	**6**
	2020	**5**
	2021	**4**

Table No. 2B - Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) for Years 2019 to 2021

ELECTRONIC SERVICE LINE ONLY

Outlet Type	Year	Number of Transfers
GA	2019	0
	2020	0
	2021	2
IL	2019	1
	2020	0
	2021	0
IN	2019	0
	2020	2
	2021	0
MD	2019	0
	2020	3
	2021	0
MN	2019	0
	2020	0
	2021	2
UT	2019	1
	2020	0
	2021	0
Total Outlets	**2019**	**2**
	2020	**5**
	2021	**4**

2C - Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) for Years 2019 to 2021

TEXTILE SERVICES ONLY

State	Year	Number of Transfers
Total Outlets	**2019**	**0**
	2020	**0**
	2021	**0**

2D - Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) for Years 2019 to 2021

DOCUMENT SERVICES ONLY

State	Year	Number of Transfers
Total Outlets	**2019**	**0**
	2020	**0**
	2021	**0**

Table No. 3A - Status of Franchised Outlets for Years 2019 to 2021

ART SERVICE LINE ONLY

State	Year	Outlets at Start of Year	Outlets Opened	Term-inations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – other Reasons	Outlets at End of Year
AL	2019	0	2	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
AR	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
AZ	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
CA	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
CO	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
CT	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
FL	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
GA	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
IL	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
IN	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
KY	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
MD	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5

State	Year	Outlets at Start of Year	Outlets Opened	Term-inations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – other Reasons	Outlets at End of Year
	2021	5	0	0	0	0	0	5
MA	2019	2	0	0	0	0	0	2
	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
MI	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
MN	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
MO	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
NJ	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
NY	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
NC	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
OH	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
OK	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
OR	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
PA	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
SC	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
TX	2019	6	1	0	0	0	0	7

State	Year	Outlets at Start of Year	Outlets Opened	Term-inations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – other Reasons	Outlets at End of Year
	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
VA	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
WA	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Total	**2019**	**54**	**3**	**0**	**0**	**0**	**0**	**57**
	2020	**57**	**1**	**0**	**0**	**0**	**0**	**58**
	2021	**58**	**2**	**0**	**0**	**0**	**0**	**60**

Table No. 3B - Status of Franchised Outlets for Years 2018 to 2020

ELECTRONIC SERVICE LINE ONLY

State	Year	Outlets at Start of Year	Outlets Opened	Term-inations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – other Reasons	Outlets at End of Year
AL	2019	0	2	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
AZ	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
AR	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
CA	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	2	4
CO	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
CT	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
FL	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	1	0	0	0	0	6
GA	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Term-inations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – other Reasons	Outlets at End of Year
	2021	2	0	0	0	0	0	2
IN	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
IL	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
KY	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	1	0
	2021	0	1	0	0	0	0	1
LA	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
MD	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
MA	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
MI	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
MN	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
MO	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
NJ	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
NY	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
NV	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
NC	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
OH	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
OK	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Term-inations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – other Reasons	Outlets at End of Year
	2021	0	1	0	0	0	0	1
OR	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
PA	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
SC	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
TN	2019	2	0	0	0	0	1	1
	2020	1	0	0	0	0	0	1
	2021	1	0	1	0	0	0	0
TX	2019	7	0	0	0	0	0	7
	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
UT	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
VA	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
WA	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
WI	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Total	**2019**	**72**	**2**	**0**	**0**	**0**	**1**	**73**
	2020	**73**	**0**	**0**	**0**	**0**	**1**	**72**
	2021	**72**	**3**	**1**	**0**	**0**	**3**	**71**

Table No. 3C - Status of Franchised Outlets for Years 2019 to 2021

FRANCHISEES AUTHORIZED TO OFFER TEXTILE SERVICES ONLY

State	Year	Outlets at Start of Year	Outlets Opened	Term-inations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – other Reasons	Outlets at End of Year
AL	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
CA	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
CO	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
CT	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
FL	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
IN	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
KY	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
MD	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
NJ	2019	0	0	0	0	0	0	0
	2020	0	2	0	0	0	0	2
	2021	2	0	0	0	0	0	2
NC	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
OH	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
OK	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
OR	2019	0	0	0	0	0	0	0

	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
SC	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
TX	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
UT	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
VA	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Total	**2019**	**0**	**3**	**0**	**0**	**0**	**0**	**3**
	2020	**3**	**8**	**0**	**0**	**0**	**0**	**11**
	2021	**11**	**7**	**0**	**0**	**0**	**0**	**18**

Table No. 3D - Status of Franchised Outlets for Years 2019 to 2021

DOCUMENT SERVICES ONLY

State	**Franchise Agreements signed but Outlet not opened**	**Projected New Franchised Outlets in the Next Fiscal Year**	**Projected New Company-Owned Outlets in the Next Fiscal Year**
California	0	1	0
Oklahoma	0	1	0
Total	**0**	**2**	**0**

Table No. 4A - Status of Company-Owned Outlets for Years 2019 to 2021

ART SERVICE LINE ONLY

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
MI	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Total	**2019**	**1**	**0**	**0**	**0**	**0**	**1**
	2020	**1**	**0**	**0**	**0**	**0**	**1**
	2021	**1**	**0**	**0**	**0**	**0**	**1**

Table No. 4B - Status of Company-Owned Outlets for Years 2019 to 2021

ELECTRONIC SERVICE LINE ONLY

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
MI	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Total	**2019**	**1**	**0**	**0**	**0**	**0**	**1**
	2020	**1**	**0**	**0**	**0**	**0**	**1**
	2021	**1**	**0**	**0**	**0**	**0**	**1**

Table No. 4C- Status of Company-Owned Outlets for Years 2019 to 2021

TEXTILE SERVICE LINE ONLY

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
MI	2019	0	1	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Total	**2019**	**0**	**1**	**0**	**0**	**0**	**1**
	2020	**1**	**0**	**0**	**0**	**0**	**1**
	2021	**1**	**0**	**0**	**0**	**0**	**1**

Table No. 4D - Status of Company-Owned Outlets for Years 2019 to 2021

DOCUMENT SERVICE LINE ONLY

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
MI	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Total	**2019**	**1**	**0**	**0**	**0**	**0**	**1**
	2020	**1**	**0**	**0**	**0**	**0**	**1**
	2021	**1**	**0**	**0**	**0**	**0**	**1**

Table No. 5A - Projected Openings as of December 31, 2021

ART SERVICE LINE ONLY

State	Franchise Agreements signed but Outlet not opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arkansas	2	0	0
California	1	2	0
Iowa	0	1	0
Total	**3**	**3**	**0**

Table No. 5B - Projected Openings as of December 31, 2021

ELECTRONIC SERVICE LINE ONLY

State	Franchise Agreements signed but Outlet not opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	1	2	0
Iowa	0	1	0
Total	**1**	**3**	**0**

Table No. 5C - Projected Openings as of December 31, 2021
TEXTILE SERVICE LINE ONLY

State	Franchise Agreements signed but Outlet not opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California		2	
Florida	1		
Georgia	1		
Iowa		1	
Maryland	1		
Massachusetts	1		
Minnesota	1		
New York	1		
Wisconsin	**1**		
Total	**7**	**3**	**0**

Table No. 5D - Projected Openings as of December 31, 2021
DOCUMENT SERVICE LINE ONLY

State	Franchise Agreements signed but Outlet not opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	2	0
Iowa	0	1	0
Total	**0**	**3**	**0**

Note 1: Below are the names, addresses of all our Franchisees as of the date of this Disclosure Document who had an outlet terminated, transferred, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement in the last fiscal year.

- Ralph Martin, 105 Classic Cove, Sandy Springs, GA 30350, #404-731-1593 (two Art and two Electronic units) (transfer),
- Christopher Notermann, 9377 Vernon Way, Greenfield, MN 55373 #612-910-9559 (two Art and two Electronic units) (transfer)
- Mark Aronson, 10201 Park Rowe Avenue, Apt 3118, Baton Rouge LA 70810, #225-907-1884 (Electronics)
- Kevin and Amy Emerson, 1002 N. Loraine Avenue, Glendora, CA 91741, #626-253-1835 (Electronics) (2 units)
- Greg Goodgame, 1112 Glamis Circle, Signal Mountain, TN 37377 #423-886-3445 (Electronics)
- Mark Kuhlmann, 100 Bond Street, Westbury, NY 11590 #917-755-5118 (Signed but did not open Textiles, Electronics units are still operational)

- Hans von Gehlen (2022 fiscal year) (Electronics and Textiles signed but not opened), 676 Admiralty Way, Webster NY 14580, #585-705-5199

We have one Franchisee who has failed to communicate with us within 10 weeks of the issuance date of this disclosure document.

- Marlink, Terry, 723 Lefevre Court, Folsom CA 95630 #503-806-3892 (Art and Electronics)

Note 2: During our last three fiscal years some current or former franchisees signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

Note 3: Below lists the names, addresses, telephone numbers, email addresses, and web addresses of each trademark-specific franchisee organization associated with the franchise system being offered which we have created, sponsored, or endorsed.

Organization Name:	Franchise Advisory Council
Established:	2014
Address:	12001 Levan Road, Livonia MI 48150
Phone:	#866-225-5377

Organization Name:	National Marketing Committee
Established:	2020
Address:	12001 Levan Road, Livonia MI 48150
Phone:	#866-225-5377

Note 4: As of the date of this issuance, there are no independent franchisee organizations that have asked to be included in this disclosure document.

Note 5: If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

ITEM 21
FINANCIAL STATEMENTS

Included in this Disclosure Document as Exhibit B is the audited balance sheet, statements of income and member equity and cash flows for Restoration Specialties Franchise Group, LLC for the fiscal years ending December 31, 2021, December 31, 2020, and December 31, 2019. Our fiscal year end is December 31.

As noted in this Disclosure Document, franchisees are required to purchase products from ERS Depot, LLC. As such, Exhibit B also includes the audited balance sheet, income and member equity and cash flows for ERS Depot, LLC for the fiscal years ending December 31, 2021, December 31, 2020, and December 31, 2019. ERS Depot, LLC has a fiscal year end of December 31.

ITEM 22
CONTRACTS

This Disclosure Document includes a sample of the following contracts that you will be required to sign in connection with being granted a franchise:

Exhibit C: Franchise Agreement, including appendices:

	Personal Guarantee
Appendix A	Data Sheet
Appendix B	Primary Area of Responsibility
Appendix C	Assignment of Telephone Numbers
Appendix D	Assignment of Domain Name and E-Mail Address
Appendix E	Promissory Note
Appendix F	Electronic Transfer of Funds Authorization
Appendix G	Ownership Addendum
Appendix H	Acknowledgement Addendum
Appendix I	Add-On Services Addendum

Exhibit F: Form of Release Agreement

ITEM 23
RECEIPTS

Exhibit I of this Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Disclosure Document by a prospective franchisee. You should sign both copies of the Receipts. You should retain one signed copy for your records and return the other signed copy to: Restoration Specialties Franchise Group, LLC, 12001 Levan Road, Livonia, Michigan 48150, Attn: Michelle Justavino, or you may email direct to michelle.justavino@prismspecialties.com.

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EXHIBIT A

List of State Administrators and Agents for Service of Process
LIST OF STATE ADMINISTRATORS,
AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Business Oversight 1515 K Street Suite 200 Sacramento, CA 95814 (866) 275-2677	Commissioner of Business Oversight 1515 K Street Suite 200 Sacramento, CA 95814
HAWAII	State of Hawaii Business Registration Division Department of Commerce and Consumer Affairs King Kalakaua Building 335 Merchant Street Room 205 Honolulu, HI 96813 (808) 586-2744	Commissioner of Securities King Kalakaua Building 335 Merchant Street Room 205 Honolulu, HI 96810
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-1090	Illinois Attorney General 500 South Second Street Springfield, IL 62706
INDIANA	Securities Commissioner Indiana Securities Division Room E 111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 W. Washington Street, Rm 201 Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Securities Division 20th Floor 200 St. Paul Place Baltimore, MD 21202 (410) 576-7044	Maryland Securities Commissioner 200 St. Paul Place, 20th Floor Baltimore, Maryland 21202-2020
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit G. Mennen Williams Building, 7th Floor 525 W. Ottawa St. Lansing, MI 48909 (517) 373-1110	Michigan Department of Commerce Corporations and Securities Bureau G. Mennen Williams Building, 7th Floor 525 W. Ottawa St. Lansing, MI 48909

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 (651) 539-1600	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty St 21st Fl New York, NY 10005 (212) 416-8222	New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5th Floor Bismarck, ND 58505-0510 (701) 328-2910	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5th Floor Bismarck, ND 58505-0510
RHODE ISLAND	Division of Securities 1511 Pontiac Division John O. Pastore Center Building 69-1 Cranston, RI 02920 (401) 277-3048	Director of Department of Business Regulation 1511 Pontiac Division John O. Pastore Center Building 69-1 Cranston, RI 02920
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, Ninth Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 E. Main Street, First Floor Richmond, VA 23219
WASHINGTON	Department of Financial Institutions Securities Division P. O. Box 41200 Olympia, WA 98504 (360) 902-8760	Same (or physical address is): 150 Israel Road SW Tumwater, WA 98501
WISCONSIN	Commission of Securities 201 West Washington Ave. Madison, WI 53703 (608) 266-1365	Wisconsin Commissioner of Securities 345 West Washington Ave. Madison, WI 53703

EXHIBIT B

Financial Statements

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RESTORATION SPECIALTIES FRANCHISE GROUP, LLC
DOING BUSINESS AS PRISM SPECIALTIES

AUDITED FINANCIAL STATEMENTS

Years ended December 31, 2021, 2020 and 2019

RESTORATION SPECIALTIES FRANCHISE GROUP, LLC
DOING BUSINESS AS PRISM SPECIALTIES

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UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of
Restoration Specialties Franchise Group, LLC
doing business as Prism Specialties

Opinion

We have audited the accompanying financial statements of Restoration Specialties Franchise Group, LLC doing business as Prism Specialties (the Company), a State of Michigan LLC, which comprise the balance sheets as of December 31, 2021, 2020 and 2019 and the related statements of income, members' equity (deficit) and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021, 2020 and 2019 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information Included in the Company's Franchise Disclsoure Document

Management is responsible for the other information included in the Company's Franchise Disclosure Document. The other information comprises information regarding the franchisor, applicable fees, initial investment amounts, obligations, franchise agreements, restrictions, and franchisee information and statistics among other items, but it does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

UHY LLP

Farmington Hills, MI
March 10, 2022

RESTORATION SPECIALTIES FRANCHISE GROUP, LLC
DOING BUSINESS AS PRISM SPECIALTIES
BALANCE SHEETS

	December 31,		
	2021	**2020**	**2019**
ASSETS			
CURRENT ASSETS			
Cash	**$ 1,581,571**	$ 954,799	$ 292,356
Accounts receivable	**92,891**	181,775	59,889
Contract costs	**237,301**	190,251	245,664
Note receivable	**6,240**	-	-
Prepaid expenses	**-**	-	64,800
Other receivables	**102,036**	200,000	-
Total current assets	**2,020,039**	1,526,825	662,709
PROPERTY AND EQUIPMENT, net	**71,620**	119,402	120,205
OTHER ASSETS:			
Note receivable - long term	**5,760**	-	-
Contract costs - long term	**800,984**	768,011	816,580
Total other assets	**806,744**	768,011	816,580
TOTAL ASSETS	**$ 2,898,403**	$ 2,414,238	$ 1,599,494
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)			
CURRENT LIABILITIES			
Accounts payable	**$ 75,004**	$ 122,872	$ 26,849
Accrued expenses	**261,537**	232,213	226,394
Deferred revenue - current	**340,848**	362,045	366,459
Current portion of long-term debt	**-**	47,000	-
Total current liabilities	**677,389**	764,130	619,702
Deferred revenue - long-term	**913,982**	951,360	1,072,896
Total Liabilites	**1,591,371**	1,715,490	1,692,598
MEMBERS' EQUITY (DEFICIT)	**1,307,032**	698,748	(93,104)
TOTAL LIABILITIES AND MEMBERS' EQUITY	**$ 2,898,403**	$ 2,414,238	$ 1,599,494

See notes to financial statements.

RESTORATION SPECIALTIES FRANCHISE GROUP, LLC
DOING BUSINESS AS PRISM SPECIALTIES
STATEMENTS OF MEMBERS' EQUITY (DEFICIT)
For the years ended December 31,

Balance, January 1, 2019	$ (645,992)
Cumulative-effect adjustment from adoption of ASU 2021-02	431,772
Net income	124,787
Distributions	(3,671)
Balance, December 31, 2019	(93,104)
Net income	791,852
Balance, December 31, 2020	698,748
Net income	1,929,803
Distributions	(1,321,519)
Balance, December 31, 2021	$ 1,307,032

See notes to financial statements.

RESTORATION SPECIALTIES FRANCHISE GROUP, LLC
DOING BUSINESS AS PRISM SPECIALTIES
STATEMENTS OF INCOME
For the years ended December 31,

	2021		2020		2019	
	Amount	**Percent of Revenues**	**Amount**	**Percent of Revenues**	**Amount**	**Percent of Revenues**
Revenues						
Initial franchise fees	**$ 529,280**	**10.0 %**	$ 401,749	10.8 %	$ 450,132	11.9 %
Royalty and other fees	**4,733,428**	**89.4**	3,042,116	81.4	3,043,243	80.1
Referral fees	**32,029**	**.6**	291,112	7.8	305,808	8.0
Total revenues	**5,294,737**	**100.0**	3,734,977	100.0	3,799,183	100.0
Operating expenses	**3,361,225**	**63.5**	3,317,559	88.8	3,674,356	96.7
Other income (expense)	**(3,709)**	**(.1)**	374,434	10.0	(40)	-
Net income	**$ 1,929,803**	**36.4 %**	$ 791,852	21.2 %	$ 124,787	3.3 %

See notes to financial statements.

RESTORATION SPECIALTIES FRANCHISE GROUP, LLC
STATEMENTS OF CASH FLOWS
For the years ended December 31,

	2021	2020	2019
OPERATING ACTIVITIES			
Net income	**$ 1,929,803**	$ 791,852	$ 124,787
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	**47,782**	42,737	31,575
Contract settlement	**-**	250,000	-
Changes in:			
Accounts receivable	**88,884**	(121,886)	22,916
Contract costs	**(80,023)**	103,982	(7,878)
Notes receivable	**(12,000)**	-	29,184
Prepaid fees and expenses	**-**	64,800	133,800
Other receivables	**97,964**	(200,000)	13,518
Accounts payable and accrued expenses	**(18,544)**	101,841	(67,032)
Deferred revenue	**(58,575)**	(125,950)	(249,633)
Net cash provided by operating activities	**1,995,291**	907,376	31,237
INVESTING ACTIVITIES - Expenditures for property and equipment	**-**	(41,933)	(85,058)
Net cash used in investing activities	**-**	(41,933)	(85,058)
FINANCING ACTIVITIES			
Member distributions	**(1,321,519)**	-	(3,671)
Payments of long-term debt	**(47,000)**	(203,000)	-
Net cash used in financing activities	**(1,368,519)**	(203,000)	(3,671)
NET CHANGE IN CASH	**626,772**	662,443	(57,492)
CASH, Beginning	**954,799**	292,356	349,848
CASH, Ending	**$ 1,581,571**	$ 954,799	$ 292,356

See notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of certain accounting policies followed in the preparation of these financial statements. The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of these financial statements.

Company Operations

Restoration Specialties Franchise Group, LLC doing business as Prism Specialties (the "Company"), is the master franchisor to license the operations of "ERS", "ART" and "TEX" businesses.

An "ERS" business offers services for the recovery, repair and restoration of electronic equipment and data. An "ART" business offers services for the recovery, repair and restoration of artwork and collectables, including paintings, frames, works on paper, photographs, sculpture, murals, mosaics and decorative arts. A "TEX" business offers services for the restoration of textiles such as clothing, rugs, bedding and other fabrics.

These services apply to both residential and commercial customers using state-of-the-art fire, flood and other disaster recovery technologies, otherwise known as "Restoration Services".

The Company is currently registered as a master franchisor in 15 required states and in good standing in all states in which it operates.

Use of Estimates

Company management has made estimates and assumptions related to the reporting of certain assets and liabilities in conformity with U.S. GAAP. These estimates and assumptions have been applied using methodologies that are consistent throughout the periods presented with consideration given to the potential impacts of the coronavirus disease ("COVID-19") pandemic. However, actual results could differ materially from these estimates and be significantly affected by the severity and duration of the pandemic, the extent of actions to contain or treat COVID-19, how quickly and to what extent normal economic and operating activity can resume, and the severity and duration of the global economic downturn that results from the pandemic.

Cash and cash equivalents

The Company considers all liquid investment instruments with a maturity of three months or less to be cash equivalents.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

The Company from time to time during the periods covered by these financial statements may have bank balances in excess of its insured limits. Management has deemed this as a normal business risk.

Accounts Receivable and Allowance for Doubtful Accounts

The Company carries its accounts receivable at invoiced amounts less an allowance for doubtful accounts. Generally, the Company does not require collateral for its accounts receivable. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts when deemed necessary. Management estimates that no allowance for doubtful accounts is necessary at December 31, 2021, 2020, and 2019.

Notes Receivable and Allowance for Losses

Notes receivable are stated at unpaid principal balances, less an allowance for loan losses. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. On a periodic basis, the Company evaluates its notes receivable and establishes an allowance for losses when deemed necessary.

Loans are placed on nonaccrual status when management believes, after considering economic conditions, business conditions, and collection efforts, that the loans are impaired or collection of interest is doubtful. Uncollectible interest previously accrued is charged off, or an allowance is established by a charge to interest income. Interest income on nonaccrual loans is recognized only to the extent cash payments are received.

Property and Equipment

Management capitalizes expenditures for property and equipment. Expenditures for maintenance and repairs are charged to expense. Property and equipment are carried at cost. Adjustments of the assets and the related accumulated depreciation and amortization accounts are made for property and equipment retirements and disposals, with the resulting gain or loss included in the statement of income.

Depreciation and amortization

Depreciation and amortization of property and equipment is computed using the straight-line and accelerated methods over the estimated useful lives of the assets at acquisition.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company made an election to be treated as a Subchapter S corporation under the Internal Revenue Code. Under these provisions, the Company generally does not pay Federal or state corporate income taxes on its taxable income. Instead, the members are liable for individual Federal and State income taxes on their respective share of the Company's taxable income. The members may take distributions each year to pay their personal income tax liabilities. There were no uncertain tax positions at December 31, 2021, 2020, and 2019.

Revenue Recognition

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The Company's revenues consist of initial franchise fees, royalty and other fee income and referral fees.

Initial franchise fee revenues are recognized as revenue as the various performance obligations are satisfied. Initial franchise fee revenue is recognized at a point in time for the pre-opening services performance obligation with the remaining portion of the initial franchise fee recognized over time for the license of intellectual property performance obligation.

Royalty and other fee income are based on a contracted percentage of franchisee revenue collections, as reported by the franchisees weekly over the period of the franchise term.

Referral fee income from related parties and affiliates are recognized as collected.

Advertising

Advertising and marketing costs are expensed as incurred and totaled $380,777, $277,465 and $494,730 for the years ended December 31, 2021, 2020 and 2019, respectively.

Interest expense

There was no interest expense for the years ended December 31, 2021, and 2020, and 2019.

Subsequent Events

The Company has performed a review of events subsequent to the balance sheet date through March 10, 2022, the date the financial statements were available to be issued.

NOTE 2 – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In January 2021, the Financial Accounting Standards Board issued accounting standards update ("ASU") 2021-02, *Franchisor-Revenue from Contracts with Customers (Subtopic 952-606),* which amends the existing accounting standards and provides a practical expedient in which pre-opening services that are consistent with those included in a pre-defined list may be accounted for as a separate performance obligation distinct from the franchise license. The Company early adopted the new guidance and applied it retrospectively to the date Topic 606, *Revenue from Contracts with Customers,* which was adopted January 1, 2019. The cumulative effect of applying the guidance increased members' equity by $431,772, with related adjustments to reduce deferred revenue.

The Company has also elected to treat the pre-opening services as a single performance obligation.

The impact of adopting ASU 2021-02 to the Company's balance sheet were as follows:

	Balance at January 1, 2019		
	As reported	Under Historical Guidance	Impact of Adopting ASU 2021-02
Deferred Revenue	$ 1,688,988	$ 2,120,760	$ (431,772)
Members' equity (deficit)	$ (214,220)	$ (645,992)	$ 431,772

NOTE 3 – DISAGGREGATION OF REVENUE

Revenues are disaggregated by timing of revenue recognition as follows:

	Years ended December 31,		
	2021	2020	2019
Revenues recognized over time - Initial franchise fees	$ 395,456	$ 293,933	$ 373,922
Revenues recognized at a point in time:			
Intial franchise fees	133,824	107,816	76,210
Royalty and other fees	4,733,428	3,042,116	3,043,243
Referral fees	32,029	291,112	305,808
Total revenues recognized at a point in time	4,899,281	3,441,044	3,425,261
Total revenues recognized under Topic 606	$ 5,294,737	$ 3,734,977	$ 3,799,183

Various economic factors affect revenues and cash flows. Royalty and other fees are dependent on franchisee development and revenues. Recovery, repair and restoration services provided by franchisees are dependent upon fires and other disasters of which the occurrence cannot be reasonably estimated.

NOTE 4 – CONTRACT BALANCES

Contract assets

Sales commissions and broker fees incurred solely to obtain new franchises are capitalized and amortized over the life of the underlying franchise agreement.

The following table provides information about changes in contract assets from contracts with customers as of and for the years ended:

	December 31,		
	2021	2020	2019
Balance, January 1	$ 958,262	$ 1,062,244	$ 1,050,075
Increase from new contracts with customers	359,850	142,826	263,324
Amortization of contract assets	(279,827)	(246,808)	(251,155)
Balance, December 31	$ 1,038,285	$ 958,262	$ 1,062,244

NOTE 4 – CONTRACT BALANCES (Continued)

Contract liabilities

Deferred revenue relating to initial franchise fees represents the Company's remaining performance obligation under its franchise agreements which will be recognized over the remaining term of the related agreements on a straight-line basis.

The following table provides information about changes in contract liabilities from contracts with customers as of and for the years ended:

	2021	2020	2019 - restated
Balance, January 1, as reported	$ 1,313,405	$ 1,439,355	$ 2,120,760
Cumulative impact of ASU 2021-02 adoption	-	-	(431,772)
Balance, January 1, as restated	$ 1,313,405	$ 1,439,355	$ 1,688,988
Increase from new contracts with customers	336,881	167,983	124,289
Revenue recognized from beginning amounts	(395,456)	(293,933)	(373,922)
	$ 1,254,830	$ 1,313,405	$ 1,439,355

NOTE 5 – FRANCHISING

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise requires the franchisee to pay an initial non-refundable fee and weekly royalty, marketing, technology, referral and other fees. Direct costs of operations and servicing of franchise agreements are charged to operating expenses as incurred. The Company has franchises operating in Arizona, California, Colorado, Connecticut, Delaware, the District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New York, Nevada, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Virginia and Wisconsin.

NOTE 6 – NOTES RECEIVABLE

The Company has financed the initial franchisee fee for a franchisee. This note receivable is non-interest bearing with monthly repayment terms, due December 2023 and personally guaranteed by the franchise owner.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2021, 2020 and 2019:

	December 31,		
	2021	2020	2019
Furniture and fixtures	$ 133,495	$ 133,495	$ 133,495
Computer equipment and software	399,230	399,230	357,297
	532,725	532,725	490,792
Less accumulated depreciation and amortization	461,105	413,323	370,587
	$ 71,620	$ 119,402	$ 120,205

Depreciation and amortization expense amounted to $47,782, $42,737 and $31,575 for the years ended December 31, 2021, 2020 and 2019, respectively.

NOTE 8 – LONG-TERM DEBT

Long-term debt consists of the following:

	December 31,		
	2021	2020	2019
Note payable to a former vendor in monthly installments of $29,000. The note was non-interest bearing and due March 2021.	$ -	$ 47,000	$ -
Current portion of long-term debt	-	47,000	-
	$ -	$ -	$ -

NOTE 9 – ROYALTY REBATE

The Company has accrued $221,277, $206,783 and $212,735 of a royalty rebate as of December 31, 2021, 2020 and 2019, respectively. If franchisees remain in compliance with the terms and obligations of their franchise agreements and meet other qualifications a royalty rebate based on royalty fees paid to the Company by the franchisees for the year will be paid.

Royalty rebates as of January 1, 2019 under Topic 606 are reflected as reductions of the transaction price of Royalty and Other fee revenues.

NOTE 10 – RELATED PARTY TRANSACTIONS

Effective January 1, 2021, the Company began receiving royalties and other fees from related parties through common ownership under a franchise agreement.

The Company received referral fee income from related parties through common ownership based on revenue that those entities recognize due to referrals generated by employees of the Company.

The Company's office and training space is located in a building owned by a related party through common ownership.

The Company purchases various supplies and promotional materials from a related party through common ownership.

Related party transactions and balances include the following:

	Years ended December 31,		
	2021	2020	2019
Royalties and other fees income	$ 1,131,643	$ 32,653	$ -
Referral fees income	$ 32,029	$ 291,112	$ 305,808
Rent expense	$ 30,000	$ 36,000	$ 36,000
Purchases	$ 3,841	$ 3,143	$ 11,326

	As of December 31,		
	2021	2020	2019
Other receivables	$ -	$ 200,000	$ -

NOTE 11 – CASH FLOWS

Supplemental disclosure of non-cash activity:

During the year ended December 31, 2020, the Company received proceeds of $378,700 under the Paycheck Protection Program (see Note 13), which were used to pay an equal amount of qualifying expenses. The grant income and related expenses are included in net income in the statement of cash flows.

NOTE 12 – EMPLOYEE LEASING

The Company leases all employees from a third-party professional employer organization (PEO). The PEO is responsible for all payroll and related taxes and fringe benefits for which the Company is billed on a regular basis.

NOTE 13 – GOVERNMENT GRANT

During the year ending December 31, 2020, the Company adopted IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance.* The adoption of this guidance, did not have an impact on the prior periods as the Company did not previously receive any government assistance.

On April 30, 2020, the Company received a Paycheck Protection Program ("PPP") loan in the amount of $378,700 that qualified as a government grant under the Coronavirus Aid, Relief, and Economic Security Act. This grant, which was in the form a promissory note dated April 30, 2020, was between the Company and First State Bank, and the satisfaction of conditions of the grant are subject to review by the Small Business Administration (SBA).

The terms of the grant required the Company to meet certain conditions regarding an economic need for the grant as well as incurring qualifying expenses such as payroll costs, benefits, rent, and utilities during a 24-week period that concluded on October 14, 2020. All or a portion of the grant may be recognized as other income upon meeting the conditions and the incurrence of allowable qualifying expenses. As of December 31, 2020, the Company recorded other income of $378,700 as it determined it had substantially met all conditions of the grant.

According to the terms of the grant, the Company would be required to repay all or a portion of the grant if it is later determined that it failed to meet the certain conditions. The Company believes it has substantially met its performance obligations, has applied and received full forgiveness of the grant.

NOTE 13 – GOVERNMENT GRANT (Continued)

Additionally, the application for the grant required the Company to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Company. Subsequently released guidance instructs all applicants and recipients to take into account their current business activity and the Company's ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to their business.

The required certification made by the Company is subject to interpretation. If, despite the good-faith belief that given the Company's circumstances the Company satisfied all eligibility requirements for the grant, it is later determined the Company was ineligible to apply for and receive the funds, the Company may be required to repay the grant in its entirety and the Company could be subject to additional penalties.

Should any portion of the grant be repayable by the SBA, the Company will record the amount of grant to be repaid as a loan which carries an interest rate of 1.00% per annum, payable in monthly installments over a 5-year term. There is no prepayment penalty. The loan, if recorded, will be subject to customary provisions for a loan of this type, including customer events of default related to, among other things, payment defaults and breaches of the provisions of the loan.

According to the rules of the SBA, the Company is required to retain documentation for six years after the date the grant is forgiven or repaid in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Company's judgments pertaining to satisfying conditions of the grant, the Company may be required to adjust previously reported amounts and disclosures in the financial statements.

NOTE 14 – EMPLOYEE RETENTION CREDIT

The CARES Act created an Employee Retention Credit ("ERC"), which was available to eligible employers who retained employees during the COVID-19 pandemic. Employers who qualified may claim a tax credit against 70% of qualified wages paid up to $10,000 per employee quarterly in 2021 through September 30, 2021.

The Company concluded it is probable it qualifies for the ERC because it met a gross receipts reduction qualification and paid qualifying payroll expenses during this time to retain employees through its PEO (see Note 12). The Company is accounting for the ERC as a loss recovery by applying the guidance for recoverable claims under FASB ASC 410, *Asset Retirement and Environmental Obligations*, and recorded an ERC receivable of $102,036 and decreased leased labor expense by an equal amount.

ERS DEPOT, LLC

AUDITED FINANCIAL STATEMENTS

Years ended December 31, 2021, 2020 and 2019

ERS DEPOT, LLC

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UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of
ERS Depot, LLC

Opinion

We have audited the accompanying financial statements of ERS Depot, LLC (a State of Michigan LLC), which comprise the balance sheets as of December 31, 2021, 2020 and 2019, and the related statements of income and members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ERS Depot, LLC as of December 31, 2021, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ERS Depot, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ERS Depot, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ERS Depot, LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ERS Depot, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information Included in the Company's Franchise Disclsoure Document

Management is responsible for the other information included in the Company's Franchise Disclosure Document. The other information comprises information regarding the franchisor, applicable fees, initial investment amounts, obligations, franchise agreements, restrictions, and franchisee information among other items, but it does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

UHY LLP

Farmington Hills, Michigan
March 4, 2022

ERS DEPOT, LLC
BALANCE SHEETS

	December 31,		
	2021	**2020**	**2019**
ASSETS			
CURRENT ASSETS			
Cash	**$ 3,433**	$ 18,820	$ 52,107
Accounts receivable	**10,815**	8,941	24,984
Other receivable	**7,000**	-	-
Inventory	**126,055**	127,954	164,014
Total current assets	**147,303**	155,715	241,105
TOTAL ASSETS	**$ 147,303**	$ 155,715	$ 241,105
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	**$ 2,072**	$ 214	$ 11,323
Note payable - related party	**55,000**	5,000	-
Accrued expenses	**1,532**	581	581
Customer deposits	**-**	-	26,160
Total current liabilities	**58,604**	5,795	38,064
MEMBERS' EQUITY	**88,699**	149,920	203,041
	$ 147,303	$ 155,715	$ 241,105

See notes to financial statements.

ERS DEPOT, LLC

STATEMENTS OF INCOME AND MEMBERS' EQUITY

For the years ended December 31,

	2021		2020		2019	
	Amount	**Percent of Net Sales**	**Amount**	**Percent of Net Sales**	**Amount**	**Percent of Net Sales**
Net sales	**$ 454,930**	**100.0 %**	$ 337,793	100.0 %	$ 447,684	100.0 %
Costs of sales	**454,967**	**100.0**	338,226	100.1	436,222	97.4
Gross profit (loss)	**(37)**	**-**	(433)	(.1)	11,462	2.6
General and administrative expenses	**75,274**	**16.5**	66,594	19.7	73,464	(16.4)
	(75,311)	**(16.5)**	(67,027)	(19.8)	(62,002)	13.8
Other income	**14,090**	**3.1**	13,906	4.1	2,853	.6
Net (loss)	**(61,221)**	**(13.4) %**	(53,121)	(15.7) %	(59,149)	13.2 %
Members' equity, beginning	**149,920**		203,041		262,190	
Member' equity, ending	**$ 88,699**		$ 149,920		$ 203,041	

See notes to financial statements.

ERS DEPOT, LLC
STATEMENTS OF CASH FLOWS

	Years ended December 31,		
	2021	**2020**	**2019**
OPERATING ACTIVITIES			
Net loss	**$ (61,221)**	$ (53,121)	$ (59,149)
Adjustments to reconcile net loss to net cash flows from operating activities:			
Depreciation	**-**	-	312
Changes in:			
Accounts receivable	**(1,874)**	16,043	(7,299)
Other receivables	**(7,000)**	-	-
Inventory	**1,899**	36,060	46,457
Accounts payable and accrued expenses	**2,809**	(11,109)	(484)
Customer deposits	**-**	(26,160)	22,160
Net cash (used in) provided by operating activities	**(65,387)**	(38,287)	1,997
FINANCING ACTIVITIES			
Proceeds from note payable	**50,000**	5,000	-
Payments on note payable	**-**	-	(152,094)
Net cash provided by (used in) investing activities	**50,000**	5,000	(152,094)
NET CHANGE IN CASH	**(15,387)**	(33,287)	(150,097)
CASH, Beginning	**18,820**	52,107	202,204
CASH, Ending	**$ 3,433**	$ 18,820	$ 52,107

See notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of certain accounting policies followed in the preparation of these financial statements. The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Company Operations

The Company is engaged in providing equipment and supplies to businesses that recover, repair and restore electronic equipment and data as well as artwork and textiles for both residential and commercial consumers. Sales are made to franchisees of Restoration Specialties Franchise Group, LLC doing business as Prism Specialties, a related entity through common ownership, as well as affiliates of the Company in the same business.

Revenue Recognition

All revenue is recognized as the Company transfers or ships products to the customers at a point in time. Sales include initial equipment packages for new franchisees and ongoing supplies. Certain supplies are required to be purchased by the franchisees from the Company.

Use of Estimates

Company management has made estimates and assumptions related to the reporting of certain assets and liabilities in conformity with U.S. GAAP. These estimates and assumptions have been applied using methodologies that are consistent throughout the periods presented with consideration given to the potential impacts of the coronavirus disease (“COVID-19”) pandemic. However, actual results could differ materially from these estimates and be significantly affected by the severity and duration of the pandemic, the extent of actions to contain or treat COVID-19, how quickly and to what extent normal economic and operating activity can resume, and the severity and duration of the global economic downturn that results from the pandemic.

Cash and cash equivalents

The Company considers all liquid investment instruments with a maturity of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

The Company carries its accounts receivable at invoiced amounts less an allowance for doubtful accounts. Generally, the Company does not require collateral for its accounts receivable. On a periodic basis, the Company evaluates the collectability of its accounts receivable and records a specific allowance when deemed necessary. There was no allowance at December 31, 2021, 2020 and 2019.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory Valuation

Inventories are valued at the lower of cost or market with cost determined on a first-in, first-out basis. Maintenance, operating and office supplies are not inventoried, but are charged to expense when purchased.

Property and Equipment

Management capitalizes expenditures for property and equipment. Expenditures for maintenance and repairs are charged to expense. Property and equipment are carried at cost. Adjustments of the assets and the related accumulated depreciation account is made for property and equipment retirements and disposals, with the resulting gain or loss included in the statement of income and members' equity.

Depreciation

Depreciation of property and equipment is computed using the straight-line and accelerated methods over the estimated useful lives of the assets at acquisition.

Sales Tax

The Company reports its sales tax on the net basis. Sales are net of any related sales taxes and discounts.

Income Taxes

The Company made an election to be treated as a Subchapter S corporation under the Internal Revenue Code. Under these provisions, the Company generally does not pay Federal or State Corporate income taxes on its taxable income. Instead, the members are liable for individual Federal and State income taxes on their respective shares of the Company's taxable income. The members may take distributions each year to pay their personal income tax liabilities. There were no uncertain tax positions at December 31, 2021, 2020 and 2019.

Shipping and Handling

The Company records the amount of shipping and handling costs billed to customers as sales. The cost incurred for shipping and handling has been included in costs of sales.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COVID-19

On March 11, 2020, the World Health Organization declared a novel strain of coronavirus disease ("COVID-19") a pandemic. The extent of COVID-19's effect on the Company's operations and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult considering the rapidly evolving landscape. It is not possible to reliably estimate the length or severity of this outbreak and hence its financial impact.

Subsequent Events

The Company has performed a review of events subsequent to the balance sheet date through March 4, 2022, the date the financial statements were available to be issued. See Note 3.

NOTE 2 – RELATED PARTY TRANSACTIONS

The Company has a working relationship with various related parties through common ownership. Administrative staff, office space and operations employees of related parties are utilized by the Company. There is no expected reimbursement of any of the costs not disclosed below.

Related party transactions and balances include the following:

	As of December 31,		
	2021	2020	2019
Accounts receivable	$ 3,288	$ 1,178	$ 7,034
Note payable - unsecured, non-interest bearing and due on demand	$ 55,000	$ 5,000	$ -

	Years ended December 31,		
	2021	2020	2019
Sales	$ 191,556	$ 216,970	$ 186,089
Purchases	$ 22,092	$ 35,953	$ 61,092
Shared personnel cost reimbursement	$ 24,134	$ 23,308	$ 23,308

NOTE 3 – GOVERNMENT GRANT

During the year ending December 31, 2020, the Company adopted IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance.* The adoption of this guidance, did not have an impact on the prior periods as the Company did not previously receive any government assistance.

On February 8, 2021 and April 23, 2020, the Company received Paycheck Protection Program ("PPP") loans in the amount of $14,000 each that qualified as government grants under the Coronavirus Aid, Relief, and Economic Security Act. These grants, which were in the form of promissory notes dated February 8, 2021 and April 30, 2020, were between the Company and First State Bank, and the satisfaction of conditions of the grant are subject to review by the Small Business Administration (SBA).

The terms of the grants required the Company to meet certain conditions regarding an economic need for the grants as well as incurring qualifying expenses such as payroll costs, benefits, rent, and utilities during 24-week periods that concluded on July 26, 2021 and October 7, 2020, respectively. All or a portion of the grants may be recognized as other income upon meeting the conditions and the incurrence of allowable qualifying expenses. As of December 31, 2021 and 2020, the Company recorded other income of $14,000 in each year as it determined it had substantially met all conditions of the grants.

According to the terms of the grants, the Company would be required to repay all or a portion of the grants if it is later determined that it failed to meet the certain conditions. The Company believes it has substantially met its performance obligations and has applied for and received full forgiveness of the grants. As of December 31, 2021 the loans were fully forgiven.

Additionally, the application for the grants required the Company to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Company. Subsequently released guidance instructs all applicants and recipients to take into account their current business activity and the Company's ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to their business.

The required certifications made by the Company is subject to interpretation. If, despite the good-faith belief that given the Company's circumstances the Company satisfied all eligibility requirements for the grants, it is later determined the Company was ineligible to apply for and receive the funds, the Company may be required to repay the grants in their entirety and the Company could be subject to additional penalties.

Should any portion of the grants be repayable by the SBA, the Company will record the amount of grants to be repaid as a loan which carries an interest rate of 1.00% per annum, payable in monthly installments over a 5-year term. There is no prepayment penalty. These loans, if recorded, will be subject to customary provisions for loans of this type, including customer events of default related to, among other things, payment defaults and breaches of the provisions of the loans.

NOTE 3 – GOVERNMENT GRANT (Continued)

According to the rules of the SBA, the Company is required to retain documentation for six years after the date the grants are forgiven or repaid in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Company's judgments pertaining to satisfying conditions of the grants, the Company may be required to adjust previously reported amounts and disclosures in the financial statements.

NOTE 4 – LEASES

The Company's office and warehouse is currently located in a building owned by a related entity. There is currently no operating lease in place. Total related party rent expense was $36,000 for each the years ended December 31, 2021, 2020, and 2019.

NOTE 5 – EMPLOYEE LEASING

The Company leases all employees from a third-party professional employer organization (PEO). The PEO is responsible for all payroll and related taxes and fringe benefits for which the Company is billed on a regular basis.

NOTE 6 – CASH FLOWS

During the years ended December 31, 2021 and 2020, the Company received proceeds of $14,000 each year under the Paycheck Protection Program (see Note 3), which were used to pay an equal amount of qualifying expenses. The grant income and related expenses are included in the net loss in the statement of cash flows.

NOTE 7 – EMPLOYEE RETENTION CREDIT

The CARES Act created an Employee Retention Credit ("ERC"), which was available to eligible employers who retained employees during the COVID-19 pandemic. Employers who qualified may claim a tax credit against 70% of qualified wages paid up to $10,000 per employee quarterly in 2021 through September 30, 2021.

The Company concluded it is probable it qualifies for the ERC because it met a gross receipts reduction qualification and paid qualifying payroll expenses during this time to retain employees through its PEO (see Note 5). The Company is accounting for the ERC as a loss recovery by applying the guidance for recoverable claims under FASB ASC 410, *Asset Retirement and Environmental Obligations*, and recorded an ERC receivable of $7,000 and decreased leased labor expense by an equal amount.

EXHIBIT C

Franchise Agreement (including Appendices)

FRANCHISE AGREEMENT

BETWEEN

RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

AND

Franchisee: _____
Print Name:_____
Address:_____

Approved Service Lines (check all that apply):

□ Electronic Services □ Art Services □ Document Services □ Textile Services

FRANCHISE AGREEMENT

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Acknowledgement Addendum

RSFG FRANCHISE AGREEMENT

This Franchise Agreement (the "Agreement" or "Franchise Agreement") is made this ____ day of _____, 20____ between Restoration Specialties Franchise Group, LLC, a Michigan limited liability company with its principal business address at 12001 Levan Road, Livonia, Michigan 48150 ("Franchisor," "we" or "us"), and _____, a(n) _____ whose principal business address is _____ ("Franchisee" or "you").

RECITALS

A. We and our affiliates have developed a system using state of the art technologies that specialize in (a) art restoration services offering for sale services and related products for the recovery, repair and restoration of artwork and collectables, including paintings, frames, works on paper, photographs, sculptures, murals, mosaics, decorative arts, and other similar collectables for both residential and commercial consumers using state-of-the-art fire and disaster recovery technologies (collectively, the "Art Approved Services" or "Art Services"); and/or (b) electronic restoration services offering for sale services and related products for the recovery, repair and restoration of electronic equipment and data for both residential and commercial consumers using state-of-the-art fire and disaster recovery technologies (collectively, the "Electronic Approved Services" or "Electronic Services"); and/or (c) textile restoration services offering for sale services and related products for the recovery, repair and restoration of fabric, clothing and textiles using state-of-the-art fire and disaster recovery technologies (collectively, the "Textile Approved Services" or "Textile Services"); each a ("Service Line" and collectively, the "Service Lines").

B. We have the right to sublicense the right to develop and operate Franchised Businesses offering one or more of the Service Lines.

C. We may, in our sole and absolute discretion, permit you to offer Document Approved Services along with one or more of the Primary Service Lines in connection with the operation of the Franchised Business in your PAR if you meet our eligibility criteria (which may change over time), satisfy designated operational standards and you comply with our designated standards and specifications. If we authorize you to offer Document Services, you will offer for sale services and related products for the recovery, repair and restoration of documents using state-of-the-art restoration technologies (collectively, the "Document Approved Services" or "Document Services").

D. You wish to obtain the right to use the System and Trademarks in the development and operation of a Franchised Business offering the Service Lines identified on Appendix A as the "Approved Service Lines" (the "Approved Service Lines") pursuant to the terms and conditions of this Agreement.

E. You have had a full and adequate opportunity to be advised thoroughly of the terms and conditions of this Agreement by legal counsel and other advisors and have had sufficient opportunity to evaluate and investigate the System, the financial investment requirements, and the business risks associated with owning and operating a Franchised Business offering the Approved Service Lines.

In consideration of the foregoing and the covenants and consideration below, you and we agree as follows:

ARTICLE 1

DEFINITIONS

For purposes of this Agreement, the terms set forth below have the following definitions:

A. "Approved Service Lines" or "Authorized Service Lines" means the Service Lines you are authorized to provide under this Agreement, as identified on Appendix A to this Agreement.

B. “Artwork and Collectables” means paintings, frames, works on paper, photographs, sculptures, murals, mosaics, decorative arts, and other similar collectables.

C. “Art Restoration” means the cleaning, repair and restoration of Artwork and Collectables, for both residential and commercial consumers.

D “Business” or the “Franchised Business” means the Franchised Business offering and providing the Approved Service Lines in accordance with the terms and conditions of this Agreement.

E. “Document Restoration” means restoring and recovering documents damaged by flood or fire, including the restoration and recovery of books, files, and other types of documents.

F. “Electronic Restoration” means the recovery, repair and restoration services for electronic equipment and data.

G. “Gross Sales” mean the aggregate of all sales and other income from the Business and any sales or other income resulting from your conduct of any business outside the Business involving the System or the Trademarks. Gross Sales includes all proceeds from any business interruption insurance but excludes any and all sales taxes and other taxes that you collect from customers and pay to any governmental authority.

H. “Minority Operator” means any person other than the “Principal Operator” who directly or indirectly owns an interest in Franchisee.

I. “Primary Area of Responsibility” or “PAR” means the geographic area described in Article 2 and Appendix B, within which you conduct the Business.

J. “Principal Operator” means the natural person who (i) directly or indirectly owns greater than a 50% interest in Franchisee when Franchisee is a corporation, limited liability company, partnership, or a similar entity and (ii) has the authority to, and does in fact, actively direct the business affairs in regard to the Business, is responsible for overseeing the general management of the day-to-day operations of the Business and has authority to sign all contracts and commercial documents.

K. “Restoration Services” means the services and related products that you market to customers, and you or we provide to said customers relating to the Approved Services for both residential and commercial consumers using state-of-the-art fire and disaster recovery technologies, all of which we may modify and change from time to time.

L. “System” means the franchise system, which consists of the operation of a Franchised Businesses using the distinctive and proprietary products and services under the Trademarks and utilizing certain distinctive types of services, products, procedures, and marketing programs, all of which we may modify and change from time to time.

M. “System Franchisee” means a franchisee who is licensed the right to operate a Franchised Business offering and providing one or more Service Lines pursuant to the terms and conditions of a franchise agreement entered into by and between such franchisee and us.

N. “Textile Restoration” means restoring and recovering textiles damaged by flood or fire, including the restoration and recovery of fabric, clothing, and other textiles.

O. “Trademarks” means the service marks filed with the United States Patent and Trademark Office, and the other trademarks, service marks, and trade names identified on in the Operations Manual, as we may modify and change from time to time, and the trade dress and other commercial symbols used in the Business and/or to identify the Service Lines. Trade dress includes the designs, color schemes and images we authorize you to use in the operation of the Business from time to time.

P. In addition to the terms defined in Article 1.A through 1.H above, the following terms are defined in the Agreement in the article(s) indicated below:

Approved Vendors and Supplies	Article 6. B
Assignee	Article 14. A
Computer System	Article 6. E
Confidential Information	Article 6. G
Designated Manager	Article 6. F
Franchised Location	Article 5.A
Initial Franchise Fee	Article 8. A
Operations Manual	Article 6.C
Marketing Fund Fee	Article 9. A
Marketing Fund	Article 9. A
Minimum Performance Standards	Article 2.F
National Account	Article 2.C
Personal Guarantor	Article 16. F
Products and Services	Article 6. A
Royalty Fee	Article 8.B
System Standards	Article 6. C.

ARTICLE 2

GRANT OF LICENSE

The following provisions control with respect to the license we grant to you:

A. Rights Granted. We grant to you, subject to the terms and conditions of this Agreement, the right and license to operate the Franchised Business in the PAR offering the Approved Service Lines identified on Appendix A under the Trademarks we designate. You will operate the Business from a specific location inside your PAR to which we must first consent. Except as described further below, you may only market and service customers located inside your PAR.

You accept said license and undertake the obligation to operate the Business faithfully, honestly, and diligently, using the System in compliance with our standards and requirements for the System. You may not commence operations of the Business until you successfully complete our training program and we have approved the commencement date of operations.

Except as noted below, during the term of your Franchise Agreement, we will not: establish or operate, or license any other party the right to establish or operate a Franchised Business offering the same Approved Service Line at the same Service Level in which you are authorized to provide under the Franchise Agreement from an office or business address located inside your PAR, with the exception of Document Services. Even if approved to do Document Services, you do not have exclusive rights to perform Document Services in your PAR. Other Franchisees and/or any of our Affiliates may indirectly advertise inside your PAR by advertising in national or regional print or such other media not directed primarily at persons inside your PAR, but which may reach or be received by persons in the PAR. You may advertise either as a single Franchisee or, if the advertising venue encompassing your PAR includes another franchisee's PAR, we may require that you advertise as a prorated participant in a common group advertisement. You may not without our prior written consent, conduct any business outside your PAR, nor directly advertise outside your PAR, even if the area has not been awarded to another Franchisee or Affiliate offering the same Approved Restoration Services (an "Open PAR"), without our prior written consent.

Additionally, you do not have the right to sell the Approved Service Lines, or any other Restoration Services or any other related product or service through any other channel or method of distribution (including catalog sales, telemarketing, the Internet or any other existing or future form of electronic commerce, (together referred to as "Alternative Distribution Channels"), or to any person or entity for resale

or further distribution. You also do not have the right to subfranchise, sublicense, assign or transfer your rights under this Agreement, except for an assignment or transfer as specifically provided in this Agreement.

If a customer located inside your PAR needs service outside your PAR, you may provide service to this customer provided that: (i) the service may only be performed in an Open PAR, and (ii) you receive prior written permission from us. If at any time the Open PAR is awarded to another Franchisee or to one of our Affiliates, you must transfer all business you conducted inside the Open PAR to the new Franchisee or our Affiliate.

If you fail to properly perform a service or fail to provide a customer with a warranty in the form we prescribe, you will be given 30 business days to cure this default. If you fail to cure this default during the 30-day period we may refer the business to another System Franchisee or one of our affiliates to perform the work with no further obligation to you, financial or otherwise, and you agree to fully indemnify us for any non-compliant work you performed.

Zip codes and/or their boundaries change periodically, and in the event of a future change, we will use our best efforts to ensure your PAR comprises approximately the same population in approximately the same geographic location. We will not otherwise alter the PAR during the term of this Agreement without your prior written consent.

B. Services Performed. Your Business will offer the Approved Service Lines, primarily for Service Level 1 claims. You may not offer for services above the Service Level that you have been approved to offer. Service Levels are set by the complexity and scope of the restoration to be performed (collectively referred to as "Service Levels"). You may not offer for services above the Service Level that you have been approved to offer. All Franchisees are automatically approved to perform Service Level 1 claims after their successful completion of Initial Training for the Service Lines they are approved to service.

ART Service Line: Your skillset will determine what services you are approved to provide, which may include cleaning, repair, restoration, and/or conservation. If you are authorized to provide Art Services, should you encounter Artwork and Collectables that require services beyond your approved Service Level, or that carry an art insurance rider, you must contact us for approval prior to performing services on those items. We may approve you to service the Artwork and Collectables with or without assistance, or we may require you to refer the items to a location that has the appropriate Service Level approval for servicing that item. Considerations for approval include items such as training, education, certifications, years of experience, and other similar criteria. We also may require that you complete additional training for more complex items. Considerations for approval to additional Service Levels will be available in our Operations Manual and may be periodically updated.

Electronic Service Line: For any commercial claims above the Service Level for which you have been approved, you must contact us for approval prior to servicing the commercial claim. We may approve you to service the commercial claim with or without assistance. Considerations for approval include items such as staffing levels, available equipment, experience, and your financial qualifications. We also may require that you complete additional training for more complex jobs. You may not restore medical equipment, or any other equipment that requires third party certification without our prior written permission. If approved, you will need to retain a copy of the third-party certification in the customer file. Considerations for approval to additional Service Levels will be available in our Operations Manual and may be periodically updated. As you grow and become a more experienced franchisee, we may come to an agreement that you may begin to handle those larger commercial jobs, with the proper guidance. We estimate that it will take at least 1-2 years after you sign your Franchise Agreement for you to have sufficient experience to service commercial claims at Service Level 2. Considerations for approval to additional Service Levels will be available in our Operations Manual and may be periodically updated. You may not restore medical equipment, or any other equipment that requires third party certification without our prior

written permission. If approved, you will need to retain a copy of the third-party certification in the customer file.

Document Service Line: For any Document Restoration claims above the Service Level for which you have been approved, you must contact us for approval prior to servicing the claim. We may approve you to service the claim with or without assistance. Considerations for approval include items such as staffing levels, available equipment, experience, and your financial qualifications. We also may require that you complete additional training for more complex jobs. Considerations for approval to additional Service Levels will be available in our Operations Manual and may be periodically updated.

You must refer all jobs for Service Lines or Service Levels that you are not approved to do, to us, and we may assign the job to either our Affiliate or another System Franchisee who is approved to perform those Service Lines or Service Levels. We will assign to you any jobs that we receive for service in your PAR for the Service Lines and Service Levels that you are approved to service, with the exception of Document Services (see below). We, our Affiliates and/or another System franchisee may perform a job in your PAR if the job is at a Service Level that you have not yet been qualified to perform, or a Service Line you have not been approved to perform, provided that the location performing the work has been qualified to perform jobs of that Service Level and / or Service. For example, if you have not been qualified to do Service Level 2, but another Franchise is qualified, then they could complete the job in your PAR, but if you were also qualified to do Service Level 2 jobs, then the job would be assigned to you. Additionally, we, our affiliates and/or other System franchisees may perform a job in your PAR if you decline a job.

If there are more than one location approved to perform Document Services in a PAR, at the Service Level required for the claim, then we will assign the job to the location closest to the claim. Alternatively, we may elect to assign the claim in a round-robin manner. However, if you are approved to offer Document Services at that Service Level, and you receive the call directly, you may service the Document Restoration claim.

If a customer directly contacts us, another System Franchisee or one of our Affiliates, and requests Service Lines different than those awarded to you (for example, if you were approved to do art restoration but not electronic restoration), and such job is in your PAR, we, our Affiliates, and/or other RSFG Franchisees may perform the work inside your PAR without any compensation to you.

If you should refer a job to Franchisee authorized to provide one or more Restoration Services, they may elect to pay you a referral fee, and vice versa. Alternatively, you and the referral Franchisee may elect not to pay each other referral fees. Should you elect to pay each other a referral fee, the referral fee should be agreed upon the parties in writing. Referral fees must be recorded in the Computer System but are excluded from Gross Sales for royalty calculation purposes, and do not count towards fulfillment of your minimum gross sales requirements.

Any other services not covered by your Franchise Agreement license must be referred to a third party unless indicated otherwise in writing by us.

In the event of catastrophic loss, which is defined as an area deemed by the government as a state or federal disaster area, or if you so request; then we may send a Commercial Loss Team ("CLT"), which may consist of RSFG, its Affiliates and other System Franchisees. (Although RSFG does not currently operate any franchises like the type being franchised, RSFG reserves the right to do so, additionally, we or our designees may supply management or administrative support in the event of a catastrophic loss). If we send a CLT, all referral fees will be paid as outlined in the then current Operations Manual by the parties to whom you referred the job(s).

C. National Accounts. We, and our Affiliates, have the right to create and implement local, regional, and national relationships with customers (a "National Account"). We reserve the right to contract these services to any other entity at any time or to complete them ourselves. We may designate a customer as a National Account based upon: (i) the size of the customer (if it encompasses the territories of two or

more franchisees), (ii) size and/or scope of the work to be performed, and/or (iii) number of employees needed to complete the work. We or our designee will serve as the central contact within the System for all National Accounts to refer business, and we will assign the National Account business relationship for a specific project or portion of a project to a System Franchisee, or to one of our Affiliates, who is able to perform the services and do so within the timeframe required regardless of whether the National Account work will be performed inside or outside your PAR.

If the National Account work will be performed inside your PAR, we may assign the National Account work to you for any Primary Approved Services for which you are approved to perform, provided you meet all standards and requirements necessary to complete the work. To receive National Account work, you may be required to meet certain standards and requirements including entering into a separate agreement with the National Account vendor, paying a referral fee, being available for emergency response 24/7, agreeing to give a percentage discount, completing additional training, increasing your insurance, agreeing to the National Account's procedures, and/or meeting standards for response time or customer service. We reserve the right to charge a fee, not to exceed 1% of Gross Sales, or our actual costs in administering that program, whichever amount is more. We or a third party we designate (which may be another System Franchisee or Affiliate) may perform National Account work inside your PAR if you do not qualify to do the National Account work, or if you opt out of the program.

If we assign work for a National Account to you and you perform the work, you will retain all Gross Sales for the work you performed for the National Account and pay us our standard Royalty and National Marketing Fee as outlined in Article 8, as well as any National Account fees.

Procedures for referring National Account jobs outside of your Approved Service Line or Service Level, or for Document Services, will follow the same guidelines as referenced above in Article 2.B, in the section titled "Service Levels".

D. Co-venturing. Co-venturing is defined as any job or project that would require two or more System Franchisees that offer the same Service Lines to complete. You may not service a customer if doing so is beyond your current equipment and/or personnel capabilities, or if it would disrupt the normal servicing of your customers without our prior written approval. Co-venturing with other franchisees must be managed through us, and you may not negotiate directly with other System Franchisees for co-venturing at any time. We will determine whether to approve a co-venture or require that you refer the job to us or one of our Affiliates.

E. Our Reservation of Rights. We retain all rights that are not expressly granted to you under the Franchise Agreement. Further, we or our Affiliates may, among other things, on any terms and conditions we deem advisable, without compensation to any franchisee, and without granting you any rights:

(i) establish and operate a franchised or affiliate-owned business offering any or all Restoration Services whose office or business address is located outside your PAR;

(ii) establish and operate, and/or license others to establish and operate, within and outside of your PAR, any business offering the same services you are authorized to provide under the Franchise Agreement under marks other than the Trademarks, which business or businesses may solicit and provide services to any customer located inside and outside your PAR;

(iii) establish and operate, and/or license others to establish and operate, within and outside of your PAR, any business providing services other than the Approved Services Lines you are authorized to provide under the Franchise Agreement under the same or different Trademarks or any other marks, which business or businesses may solicit and provide

services to any customer located inside and outside your PAR, including, without limitation, Document Services;

(iv) offer, sell or distribute, within and outside your PAR, any products associated with the System (now or in the future) and/or identified by any of the Trademarks, or any other marks, through any distribution channels or methods, including, without limitation, to other recovery, repair and restoration of Artwork and Collectibles, fabric, clothing and textiles, document, books, and paper, electronic restoration, and/or data recovery, businesses, stores or locations, and/or any business or store of any kind, and/or by mail order, catalogue, and/or the Internet (or any other existing or future form of electronic commerce);

(v) merge with, acquire or become associated with any businesses or stores of any kind under other systems and/or other marks, which businesses and stores may convert to or operate under the Trademarks and offer or sell products and services that are the same as, similar to, or different than the products and services offered at or from your Business, and which may be located anywhere within or outside your PAR; and

(vi) we reserve the exclusive right to market to all national and regional offices for insurance adjusters, general contractors or re-construction services, contents cleaning companies, third-party administrators, or similar restoration industry business concepts even if such office is in your PAR. However, we agree to refer to you all residential, and those commercial jobs for your Approved Service Lines and for which you qualify, that are in your PAR, and which are attained from these solicitations.

We are not required to pay you any compensation if we exercise any of the rights specified above inside or outside your PAR except as described in this Item.

Although we have the right to do so (as described above), we have not operated or franchised, and have no plans to operate or franchise, other businesses selling similar products or services under different proprietary marks.

Except for as described in Article 2, we do not restrict you from soliciting or accepting orders from any customer or potential customer located within your PAR.

ERSI, ART Inc., and/or its Affiliates also locate, sell, and manage restoration projects throughout the United States. Nothing in Article 2 limits our or our Affiliates' right to investigate, estimate, manage, and conduct such work within your PAR for prospective and existing National Accounts.

There is no exclusivity for Document Services in your PAR.

F. Minimum Royalty Requirement. To meet our goals for market penetration and for the growth of the System, you agree to be bound by the minimum monthly royalty requirement ("Minimum Monthly Royalty") as set forth below. The Minimum Monthly Royalty will be established for each year of the term of this Agreement following your first year of operation. You understand that meeting the Minimum Monthly Royalty does not suggest that you are sufficiently penetrating the market in the PAR or that the Business will be successful. Rather, the Minimum Monthly Royalty are threshold minimum amounts.

Your rights under the Franchise Agreement are conditioned upon your active and continuous development of the Business in the PAR. The Minimum Monthly Royalty is based on market potential and market share for your PAR, the growth rate of other businesses offering services that are the same as or similar to the Approved Service Lines, and other relevant factors.

Following your first full year of operation, each month during the term of this Agreement, you must pay us a minimum monthly royalty fee. The Minimum Monthly Royalty is based on years of operation, the number of Service Lines that you operate, and is per PAR, as outlined in the table below.

Minimum Monthly Royalty per PAR			
Years in business	**Single Service Line**	**Two Service Lines**	**Three Service Lines**
Year 1	No Minimum	No Minimum	No Minimum
Year 2	$1,050	$1,575	$2,100
Year 3	$1,275	$1,913	$2,550
Year 4	$1,425	$2,138	$2,850
Years 5 or more	$1,650	$2,475	$3,300

Should you not meet the Minimum Monthly Royalty, then we may charge you a fee for the difference (the "Shortfall"). For example, if the Minimum Monthly Royalty is $1,425 in a month, and you paid royalty of $1,000, then the minimum royalty fee would be $425 ($1,425-$1,000).

In addition, should we assess a Shortfall for three or more months in a twelve-month period, then we may also elect to establish another System Franchisee or affiliate in your PAR and/or allow another System Franchisee or an affiliate to advertise and service customers located inside your PAR.

There is no additional Minimum Monthly Royalty requirement for the Document Service Line.

The Minimum Monthly Royalty applicable to the Business you operate may vary from the performance standards applicable to other System Franchisees, including due to geographic area and other variables.

The population number is fixed on the date when the territory is purchased but may be modified should any of the following transactions occur: transfer of the Franchise Agreement, renewal of the Franchise Agreement, or if you should purchase additional territory. If there is a decline in the cumulative population in your PAR of 20% or more, you may request, and we may consider, making an adjustment in the Minimum Monthly Royalty.

Failure to pay the Minimum Monthly Royalty constitutes a default under the Franchise Agreement. We will not modify your PAR if you fail to pay the Minimum Monthly Royalty or based upon any other contingency. If you fail to cure any Minimum Monthly Royalty default by paying the Minimum Monthly Royalty within 30 days, we may terminate the Franchise Agreement, as noted in Article 11.A.

G. Customer Satisfaction Ratings.

We require you to use and pay for the customer service rating system that we approve, as well as to meet certain customer satisfaction ratings as outlined in the Operations Manual (the "Customer Satisfaction Ratings"). The current Customer Satisfaction Ratings will measure, on a scale of "-100" to "100" (where "100" is the best score), the level of service provided to customers of the Business you operate through specific metrics noted in the Operations Manual. You must achieve a passing aggregate average customer satisfaction rating for each rolling 90-day period, as outlined in the Operations Manual. Currently a passing score is a Net Promoter Score of 45. If you fail to meet this aggregate average customer satisfaction rating, you will be deemed in default of the Franchise Agreement.

If your 90-day rolling average is not passing, then depending on the severity of the Customer Service problem, we may require that you must submit documentation showing (i) how you have addressed the Customer Services problem(s), and (ii) the preventative action that will be taken to prevent similar Customer Service problem(s) from reoccurring.

If you fail to meet a passing aggregate average customer satisfaction rating for two or more quarters in a calendar year, if you fail to submit the documentation outlined in the above paragraph, and/or you should fail to follow through on the preventative action plan as required, then you will be deemed in default of this Agreement. Accordingly, and pursuant to Article 11.A, your failure to meet the Customer Satisfaction

Rating for any period set forth above will constitute grounds for termination of the Franchise Agreement unless, within 60 days after delivery of written notice of default, you cure the defaults by satisfying the Customer Satisfaction Rating for that recently completed period.

ARTICLE 3

TRADEMARK STANDARDS AND REQUIREMENTS

You hereby acknowledge and agree that the Trademarks are our affiliate's property and that your right to use the Trademarks is specifically conditioned upon the following terms and conditions:

A. Trademark Ownership. The Trademarks are the valuable property of us and/or our affiliate(s) and we and/or our affiliate(s) are the exclusive owner of all right, title and interest in and to the Trademarks and all past, present, or future goodwill of the Business conducted within the PAR that is associated with or attributable to the Trademarks. Your use of the Trademarks will inure to our affiliate's and our benefit. You may not, during or after the term of this Agreement, engage in any conduct directly or indirectly that would infringe upon, harm, or contest our rights in any of the Trademarks or the goodwill associated with the Trademarks, including any use of the Trademarks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media.

B. Trademark Use. You may not use, or permit the use of, any trademarks, trade names or service marks in connection with the Business, except those set forth in the Operations Manual or except as we otherwise direct in writing. You must use the Trademarks for the Approved Service Lines (as we designate) and only in connection with such products and services as we specify and only in the form and manner we prescribe in writing. You must comply with all trademark, trade name and service mark notice marking requirements. You may use the Trademarks only in association with the operation of the Franchised Business in providing the Approved Service Lines, as approved by us and in accordance with our standards and/or requirements with respect to quality and production, service standards and methods of operation. You must implement and abide by our requirements and recommendations directed to enhancing substantial System uniformity in the matters described in this Article.

C. Business Identification. You must use the Trademark for the Approved Service Lines, as we designate, as the trade name of the Business and no other mark or words may be used to identify the Business without our prior written consent. You may not use any of the Trademarks as part of the name of your corporation, partnership, limited liability company or other similar entity. You must hold yourself out to the public as an independent contractor operating the Business pursuant to a license from us.

You must clearly indicate on your business checks, stationery, purchase orders, receipts, and other written materials that you are the owner of the Business and that you are an independently owned and operated franchisee of the System. You may use the Trademarks for the Approved Service Lines, as we designate, on various materials, such as business cards, stationery, purchase orders and checks, provided you: (i) accurately depict the Trademarks on the materials; (ii) include a statement on the materials, in immediate proximity to the Trademark, indicating that you independently own and operate the Business; and (iii) do not use the Trademarks in connection with any other trademarks, trade names or service marks unless we specifically approve it in writing prior to the use.

You must affix the Trademarks for the Approved Service Lines (as we designate) to all vehicles, uniforms, equipment, containers, fixtures, signs, stationery, advertising, sales/promotional materials, and other objects we designate and according to the size, color, lettering style and fashion as we may designate in the Operations Manual.

D. Litigation. In the event any person or entity improperly uses or infringes the Trademarks or challenges your use or our use or ownership of the Trademarks, we will control all litigation and we have the right to decide as to whether suit will be instituted, prosecuted, or settled, the terms of settlement and whether

any other action will be taken. You must promptly notify us of any such use or infringement of which you are aware. You must promptly inform us of any claim arising out of your use of any Trademark and must, without compensation, cooperate with us in any action we undertake. We or our affiliate will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Trademarks in violation of this Agreement, in which case you must reimburse us for our fees and expenses.

E. Changes. You may not make any changes or substitutions to the Trademarks unless directed by us in writing. We reserve the right to change the Trademarks at any time. Upon receipt of our notice to change the Trademarks (whether in response to third-party claims of superior rights to the Trademarks or otherwise), you must, at your expense, cease using the former Trademarks and commence using the changed Trademarks. We will not be responsible for any other expenses or other amounts you may claim you are owed with respect to the changed Trademarks, and you agree that you will not commence or join in any litigation or other proceeding against us for any such expenses, losses, or damages.

ARTICLE 4

TERM OF FRANCHISE; FRANCHISEE'S RIGHT TO RENEW

The following provisions control with respect to the term and renewal of this Agreement:

A. Initial Term. The term of the license granted in this Agreement is for a period of 10 years from the date of this Agreement.

B. Renewal Term. You have the right to renew your license for two additional 10-year terms each, provided you have met the following conditions:

1. you must give written notice to us not less than 9 months prior to the end of the expiring term of your intent to renew the license. You must execute the then-current form of franchise agreement and all other agreements then customarily used by us in the renewal of franchises and pay us a renewal fee equal to $10,000 for all Franchise Agreements being renewed concurrently. These agreements may vary materially from those agreements currently in use by us. Your failure or refusal to execute such agreements within 30 days after their delivery to you will be deemed an election by you not to renew the license. If you do not qualify for renewal of your Franchise Agreement and, we may, in some cases, but are not required to, offer to enter into a Franchise Agreement for a smaller territory, or for some but not all of your PARs, and you would have the option to accept on the terms offered;

2. you are in compliance with all the terms and conditions of this Agreement and are in compliance with our operating and quality standards and requirements;

3. you have satisfied, prior to renewal, all monetary obligations owed by you to us, our affiliates or your suppliers or creditors, whether pursuant to this Agreement or otherwise;

4. you have agreed, in writing, to make such reasonable expenditures as are necessary so that the Business will conform to our then-current standards;

5. you attend any training program, at your expense, that we deem necessary for you to operate the Business in accordance with our then-current standards;

6. you have continuously and actively operated the Business

7. you are meeting or exceeding the Minimum Performance Standards in Article 2.F, the minimum Sales Activity Score in 9.B., and the minimum Customer Satisfaction Ratings in Article 2.G.; and

7. you, your Principal Operator, Minority Operators, and your Personal Guarantors sign a general release of claims in a form we prescribe.

ARTICLE 5

PREMISES STANDARDS

You acknowledge and agree that we have the right to establish, from time to time, quality standards regarding the business operations of System franchised businesses to protect the distinction, goodwill and uniformity symbolized by the Trademarks and the System. Accordingly, you agree to maintain and comply with our quality standards and agree to the following terms and conditions:

A. Franchised Location; Lease. You are responsible for purchasing or leasing a site for the Business ("Franchised Location") that meets our site selection criteria. You must obtain our written acceptance of the Franchised Location. You may not use the Franchised Location or its premises for any purpose other than the operation of the Franchised Business offering only the Approved Service Lines during the term of this Agreement. We make no guarantees concerning the success of the Business located on any site that we accept. You are solely responsible for obtaining all necessary permits or licenses, and in all other respects complying with applicable legal requirements relating to the Business.

We have no responsibility for the lease; it is your sole responsibility to evaluate, negotiate and enter into the lease for the Franchised Location.

You must execute and provide us an executed copy of your lease or the purchase agreement for the selected and approved site for your Franchised Location within 5 days of the lease execution date and within 60 days from the date of execution of this Agreement. If you fail to have your "site under control" (execute the lease or the purchase agreement within the periods set forth in this subparagraph), we will have the right to terminate this Agreement without opportunity to cure pursuant to Article 11.A.

B. Construction; Opening Date. You must construct and equip the Franchised Location in strict accordance with our current approved specifications and standards pertaining to equipment, inventory, signage, fixtures, furnishings, supplies, and design and layout of the space. You must open for Business to the public no later than six months following the Effective Date.

C. Relocation. If you need to relocate because of condemnation, destruction, or expiration or cancellation of your lease for reasons other than your breach, we will grant you authority to do so at a site acceptable to us that is within your PAR provided that (i) we have issued our written acceptance of the new site; and (iii) the Business is open for business at the new Franchised Location within 150 days following your request to relocate, all in accordance with our then-current standards. If you voluntarily decide to relocate the Business to a new Franchised Location, your right to relocate the Business will be void and your interest in this Agreement will be voluntarily abandoned, unless you have given us notice of your intent to relocate not less than 60 days prior to closing the Business, have procured a site that has been accepted by us within 60 days after closing the prior Business, have opened the Business at the new Franchised Location within 150 days of such closure and complied with any other conditions that we reasonably require. You must pay the costs of any relocation, and we reserve the right to charge you for any reasonable costs that we incur.

You do not have the right to relocate in the event you lose the right to occupy the Franchised Location premises because of the cancellation of your lease due to your breach. The termination or cancellation of your lease due to your breach is grounds for immediate termination under Article 11.A.

D. Business Telephone Line; Answering Service; Fax. You must acquire and maintain a dedicated business telephone number, which is only available to you while you operate the Business. We may require that the telephone number be acquired from an approved vendor. You may not advertise or otherwise give out any other telephone number to customers or potential customers. You must comply with

our standards and requirements as outlined in the Operations Manual relating to your Business telephone. You also must have the capability to send and receive faxes. Upon the termination or expiration of this Agreement, you must authorize the transfer of any Business telephone numbers, including cellular numbers and directory listing to us.

You may be required to pay for, and use, an approved call center to answer incoming sales calls. We may at any time, with 30 days prior notice to you, designate another method, vendor, or manner for answering sales calls.

You must continually list the Business in the "Yellow Pages" and "White Pages" of the primary telephone directory servicing your PAR.

ARTICLE 6

OPERATIONS STANDARDS AND REQUIREMENTS

You acknowledge and agree that we have established and may revise, from time to time, quality standards regarding the operations of System businesses to protect the distinction, goodwill and uniformity symbolized by the Trademarks and the System. Accordingly, you agree to maintain and comply with our quality standards and requirements for the System and agree to the following terms and conditions:

A. Products and Services. You may market and sell to customers only the Approved Service Lines, and such other products and services that we have expressly approved in writing to you, or, if we elect, through modifications to the Operations Manual (collectively, "Products and Services"). These Products and Services must meet the standards and specifications prescribed by us, which we may modify from time to time. You must conform to all quality and customer service standards we prescribe in writing.

B. Approved Vendors and Supplies. Unless we otherwise specify in writing, you must use approved vendors and supplies for all services, products, equipment, and materials that we determine meet our standards and specifications of quality required to protect the valuable goodwill and uniformity symbolized by and associated with the Trademarks and Business ("Approved Vendors and Supplies" or "Approved Supplies"). Approved Vendors are companies that are approved for a specific service or product they provide. You must comply with all billing and service provision policies of Approved Vendors, including any billing, invoicing, or refund policies. You acknowledge that we may designate a single vendor or source of supply, and that we or an affiliate may be that vendor/source, as further noted in 16.M. Currently, we or an affiliate are the designated single source for the Turn-Key Business Package, ERS Depot branded chemicals, most additional chemicals, all print materials and certain apparel and other items that bear one or more of the Trademarks and vehicle logos, Hydroxyl machine, Fine Particle Vacuum, Chemical Sponges, and Software Licenses. We reserve the right to modify this list with 30 days' notice to you, and such updates will be listed in our Operations Manual or in any other form of written or electronic communication, as we designate. You will pay the then-current price in effect for products and services that you are required to purchase from us or a designated vendor, and the cost to you for these products and services may be higher than comparable products and services on the market. Approved Supplies are the service or product that is approved. Except if we have designated a single vendor or source of supply, you may obtain that Approved Supply from any available source. Upon request, we will provide and update you with a written list of the Approved Vendors and Supplies. ALTHOUGH APPROVED BY US, WE MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO PRODUCTS, SERVICES, EQUIPMENT, SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED PRODUCTS. WE, HOWEVER, WILL PASS THROUGH ANY APPLICABLE MANUFACTURER WARRANTIES ON PRODUCTS AND SERVICES THAT YOU PURCHASE FROM

US, SUBJECT TO ALL WARRANTY TERMS AND CONDITIONS IMPOSED BY THE MANUFACTURER.

WHILE WE CURRENTLY DO NOT DO SO, IN THE EVENT WE PROVIDE YOU WITH ANY TECHNOLOGY PRODUCTS AND/OR SERVICES IN THE FUTURE, WE DO NOT WARRANT THAT SUCH PRODUCTS AND/OR SERVICES WILL BE UNITERRUPTED OR ERROR FREE.

IN NO EVENT WILL WE BE LIABLE FOR ANY INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES (INCLUDING, WITHOUT LIMITATION ANY DAMAGES ASSOCIATED WITH LOSS OF USE, INTERRUPTION OF BUSINESS, LOSS OF DATA OR LOSS OF PROFITS) ARISING OUT OF OR IN ANY WAY RELATED TO ANY TECHNOLOGY PRODUCTS AND/OR SERVICES WE PROVIDE OR ANY PRODUCTS AND/OR SERVICES YOU OBTAIN FROM ONE OF OUR APPROVED SUPPLIERS.

C. Operations Manual. To help protect our reputation and goodwill and to maintain uniform operating standards under the Trademarks and Business, you must conduct the Business in accordance with the required System Standards and procedures contained in our Operations Manual and any other manuals, proprietary software or computer data files created for use in the operation of the Franchised Business (collectively the "Operations Manual"). Any required specifications, standards, and/or operating procedures exist to protect our interest in the System and the Trademarks and to create a uniform customer experience, and not for establishing any control or duty to take control over those day-to-day operational matters that are reserved to you. "System Standards" mean the mandatory and suggested specifications, standards, operating procedures, and rules (the "System Standards") that we prescribe from time to time for the operation of a Franchised Business, and information on your other obligations under this Agreement and related agreements.

We will loan to you one copy of the Operations Manual for the term of this Agreement. You must always treat and maintain the Operations Manual and the information contained therein, and any other proprietary information created for or approved for use in the operation of the Business as secret and confidential. The Operations Manual will always remain our sole property. We may from time to time revise the contents of the Operations Manual and you expressly agree to comply with each new or changed standard. You must always ensure that your copy of the Operations Manual is kept current and up to date. In the event of any dispute as to the contents of the Operations Manual, the terms of the master copy of the Operations Manual we maintain will be controlling. You acknowledge and agree that in the future the Operations Manual and other system communications may only be available on the Internet, our intranet system or other online or computer data transfer communications, as described in Article 6.M.

D. Operating Procedures. The required standards for the operation of the Business generally will be set forth in the Operations Manual or other written materials. The Operations Manual will also include guidelines or recommendations in addition to require standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative, provided that you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect our interests in the System and Trademarks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

You must adopt and use the required standards, procedures, techniques, software, and systems described in the Operations Manual. We will revise the Operations Manual and their standards, procedures, techniques, software, and systems periodically to meet changing conditions of operation in the best interest of all businesses operating under the Trademarks.

E. Computer System. We require you to use a computer in the operation of the Business. You must use any computer system that we develop or select for the Business, including all future updates, supplements, and modifications (the "Computer System"). The computer software package developed for

use in the Business may include proprietary software. You may be required to license other forms of proprietary software from us, an affiliate or a third party and you also may be required to pay a software licensing fee in connection with your use of the proprietary software. All right, title and interest in the software will remain with the licensor of the software. The computer hardware component of the Computer System must conform to specifications we develop. You acknowledge and agree that we will have full and complete access to information and data produced by the Computer System. You will be required to use and pay for all future updates, supplements, and modifications to the Computer System. You agree to pay for any reasonable telephone computer support that we may choose to provide at our then-current charges, as set forth in the Operations Manual and updated from time to time.

It is your responsibility to make sure that you are in compliance with all laws that are applicable to the Computer System or other technology used in the operation of your Business, including but not limited to all data protection or security laws, such as PCI and CCPA compliance.

F. Confidential Information. You, your Principal Operator, your Minority Operators, any person you hire to perform management obligations related to the Business ("Designated Manager"), and your Personal Guarantors (as described in Article 16.F) must not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any Confidential Information, except to such employees as must have access to it to operate the Business. For purposes of this Agreement, "Confidential Information" means proprietary information, knowledge, and know-how, including processes, materials, software, computer data files, methods, procedures, suggested pricing, specifications, techniques, and other data concerning the methods of operation of a System franchised business. All Confidential Information must not be used for any purpose other than conducting the Business in the PAR. You must obtain nondisclosure and confidentiality agreements in a form satisfactory to us from your Principal Operator, Minority Operators, and from other key employees. You must provide copies of the executed agreements to us upon request.

G. Customer Information. We own all data and information related to customers of the Business, including, without limitation, all customer lists. If we request, you must provide us with an up-to-date customer list in the form we prescribe. You acknowledge that we may require you to submit this information through our Internet system or other online communications. We have the right to contact the customers to ascertain your quality of service and the level of customer satisfaction. You may not use the customer lists or information for any purpose whatsoever other than in the normal conduct of the Business. Upon expiration, nonrenewal, transfer or termination of this Agreement, you must promptly deliver to us all customer lists, data, and information for all past and current customers of the Business.

H. Evaluations. We or our authorized representative have the right to enter the Business premises at all reasonable times during the business day for the purpose of making periodic evaluations and to ascertain whether you are observing the provisions of this Agreement, to inspect and evaluate your premises used for the Business, to observe and accompany you on sales and customer service calls and visits, and to inspect and evaluate any customer correspondence and any products and services provided to customers. Upon our request, you must provide us copies of any proposals you present to customers for our review and evaluation. Any evaluation or inspection we conduct is not intended to exercise, and does not constitute, control over your day-to-day operation of the Business or assume any responsibility for your obligations under this Agreement.

I. Adaptations. Complete and detailed uniformity under many varying conditions may not always be possible or practical, and we reserve the right to vary the standards for any franchisee based upon the customs or circumstances of a particular area of primary responsibility, geographic location, density of population, number of businesses, existing business practices, or any condition that we deem to be of importance to the operation of the franchisee's Business. You will not be entitled to require us to grant you a like or other variation hereunder on account of any variation from standards, specifications and practices granted to any other franchisee. You acknowledge and agree that we have the right to modify, add to or rescind

any requirement, standard or specification that we prescribe under this Agreement as may be necessary to adapt our System to changing conditions and competitive circumstances, business strategies, business practices, technological innovation, and any other changes as we deem appropriate. You must comply with these modifications, additions, or rescissions at your expense.

J. Continuous Operation of Business. You must operate the Business on a full-time basis. You acknowledge and agree that if the Business is closed or otherwise not operated for a period of 5 consecutive days or more without our prior written consent, the closure or failure to operate will constitute your voluntary abandonment of the franchise, and we have the right, in addition to other remedies provided for herein, to terminate this Agreement and the franchise operated hereunder. Acts of God, war, strikes, or riots preventing you temporarily from complying with the foregoing will suspend compliance therewith for the duration of the interference.

K. Compliance with Law. You must at all times conduct the Business in compliance with all applicable laws, regulations, codes, and ordinances. You acknowledge that you are an independent business and are solely responsible for control and management of the Business, including such matters as hiring and discharging your employees. You acknowledge that we have no power, responsibility, or liability in respect to employee relations issues including hiring, discharge and discipline, and related matters. As between us and you, you are solely responsible for the safety and well-being of your employees and the customers of the franchise business. You must promptly notify us of any claim or litigation in which you are involved that arises from the operation of the Business.

L. Participation in an Internet Web Site or Other Online Communications. You must participate in our Web site and no other Web site related to the Business. We also may require you, at your expense, to participate in our intranet system. We have the right to determine the content and use of any Web site and our intranet system and will establish the rules under which franchisees may participate. You may not separately register any domain name or operate any Web site containing any of the Trademarks without our written approval. You may not conduct any business or advertise any products or services on the Internet (including, through social media), except as authorized by us in writing. You may not link or frame our website. We will retain all rights relating to our Web site and our intranet system and may alter or terminate our Web site or our intranet system without prior notice to you. Your general conduct on our Web site, our intranet system or on other online communications (including all current and future forms of social media networks and platforms) and, specifically, your use of the Trademarks or any advertising on any Web site or other such online communications is subject to the provisions of this Agreement and the policies outlined in the Operations Manual. For example, you must comply with our policies regarding the use and placement of key words, meta tags and titles, social media platforms, blogs, websites, domain names, URL's and linking. You further agree to claim, pay for, and update all online listings we designate. You may not use or download any software on your computer unless it has been authorized by us in writing. If you use or download any unauthorized software, you will be liable for all damages and problems caused by the unauthorized software in addition to the other remedies provided under this Agreement. You acknowledge that certain information obtained through your participation in our Web site and our intranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our Web site and our intranet system or otherwise use the Trademarks or System on the Internet or other online communications will terminate when this Agreement expires or terminates.

You and any of your employees who interact with customers must maintain branded electronic methods of communication (currently email) accounts, which may be provided to you, and you must give us electronic access to information on your company computer and hosted by software providers, including viewing access to branded email accounts. We may discontinue or alter the current system of electronic communication, at any time on notice to you, and you may then be required to maintain an account we designate or approve with a provider we approve or designate and pay the required fees. We are not obligated to monitor, create, or maintain any backup of email, information, file storage, or any data related to the email address provided to you. There are no contractual limits on our right to access information and

data on the electronic communication and electronic mail systems. You agree that you have no right of privacy in or to these electronic communications and/or electronic mail systems, and we or our designee may access these email communications and data at any time without notice. Any access to, monitoring or copies of data related to electronic communications and emails will be solely for our benefit. We may require you to upgrade, update or otherwise modify your computer hardware, software, and other office equipment. No contractual limitation exists on the frequency or cost of this obligation. We have the unrestricted right to independently access any data stored or collected electronically.

M. Suggested Pricing Policies. We may, from time to time, make suggestions to you regarding your pricing policies. Notwithstanding any suggestions, you have the sole and exclusive right as to the fees you charge to customers, except for National Accounts for which we establish fees. We do, however, retain the right to modify the System on 60 days' written notice to give us the right to establish customer fees, both maximum and minimum in accordance with applicable legal requirements. Any list or schedule of fees we furnish to you may, unless otherwise specifically stated as to the maximum or minimum price, be treated as a recommendation only and failure to accept or implement any such suggestion will not in any way affect the relationship between you and us.

N. Innovations. You agree to fully and promptly disclose to us all ideas, plans, improvements, concepts, methods, and techniques relating to the development, marketing or operation of the Business or any similar business conceived or developed by Franchisee, your employees, independent contractors or other persons or entities acting on your behalf ("Innovations"). We and our affiliates own and have the right to authorize other franchisees to use any Innovations without any compensation to you. Nothing in this Article modifies your obligation to comply with System standards and the Operations Manual.

O. Legal Entity. If you are not a legal entity at the time you sign this Agreement, you must form a legal entity and transfer this Agreement and the Business to a legal entity owned by you prior to attending our initial training program. At such time that you form the legal entity and upon any subsequent changes, you must submit to us, in the format that we require, the names of all owners of the legal entity and their percentage of ownership in the legal entity. In the case of multiple owners, prior to attending our initial training program you must provide us with a copy of the dispute resolution agreement by and among the multiple owners.

You (or the legal entity) may not operate any other business other than the Business without our prior written permission.

P. Vehicles. You must purchase or lease vehicles that meet our specifications and requirements, including model type, condition, color, trademark representation, and appearance (no rust or body damage). These specifications are included in our Operations Manual.

Q. Privacy and Data Protection. You must comply with all laws and regulations related to privacy and data protection and must comply with any privacy policies or data protection and breach response policies that we may periodically establish. You are solely responsible for protecting yourself from disruptions, internet access failures, internet content failures, and attacks by hackers and other unauthorized intruders. Franchisee must notify Franchisor immediately of any suspected data breach at or in connection with the state.

ARTICLE 7

PERSONNEL AND TRAINING STANDARDS

The following provisions and conditions control with respect to personnel, training, and supervision**.**

A. Supervision of the Business. The Business must at all times be under the direct supervision of the Principal Operator. This means that the Principal Operator must operate the business year-round on a full-time and best-efforts basis. If, at any time during the term, the Business is not under the direct supervision

of the Principal Operator, it must be operated by a fully trained Designated Manager who has been approved by us. In the event that it is not operated under the direct supervision of the Principal Operator or the Designated Manager, or if the operation of your Business breaches this Agreement such that the integrity of the Trademarks would be compromised, we have the right (but not the obligation) to service all customer accounts of the Business on a temporary basis until you appoint a new Principal Operator/fully-trained manager and/or cure the operational default (as the case may be). If it is not cured within 30 days, we can terminate this Agreement.

B. Training. Prior to commencement of the Business, and within four months of the Effective Date of this Agreement you, the Principal Operator, and any Designated Manager (if applicable) must attend and successfully complete our initial training program at our headquarters or any other location that we may designate. We provide initial training for up to 3 people for the first Service Line, and one additional person for each additional Service Line added, without charging you a fee. We provide Sales Training to one person per business. If you want to send more people to initial training or to sales training, we will charge you our then-current additional training fees. You are responsible for all room, board, and travel expenses during training. You understand that, except for the confidentiality and non-disclosure restrictions in Articles 6.C, 6.F and 12 (with which you will be bound as of the date you sign this Agreement and must adhere to even if you fail to successfully complete training), this Agreement will not become effective unless you successfully complete the initial training program.

C. Ongoing Training and Assistance. We may provide and require you, your Principal Operator, and your Designated Manager to attend or participate in ongoing training programs, including offsite and onsite training, conference calls, and Internet programs. We may charge you a fee to attend any additional training. You are required to attend at least one ongoing training every two years. You are responsible for all room, board, travel expenses and any applicable wages for your employees during any offsite ongoing training. We also may assist you periodically with creating or refining your plans for the Business, as described more fully in the Operations Manual.

D. Staffing. You must hire and supervise efficient, competent, and courteous persons as your employees for the operation of the Business and set and pay their wages, commissions, and incentives with no liability on us. No employee of yours will be deemed to be an employee of us for any purpose whatsoever, and nothing in any aspect of the System or the Trademark in any way shifts any employee or employment related responsibilities from you to us. You alone are responsible for the day-to-day operation of the Franchised Business and the terms and conditions and employment of Franchisee's personnel, including the soliciting, hiring, firing, discipline, paying, training, scheduling, managing, and supervising of Franchisee's employees.

Any training provided by us to any of your employees will be limited to training or guiding the employees regarding the delivery of approved services to customers in a manner that reflects the customer and client service standards of the System. You are and will remain the sole employer of your employees during all training programs, and you are solely responsible for all employment decisions and actions related to your employees. You must ensure that your employees receive adequate training.

E. Attendance at Meetings. You, your Principal Operator, and your Designated Manager must, at your expense, attend all conferences, seminars, or meetings that we sponsor for System Franchisees to set forth new methods and programs for operation, training, management, sales, or marketing. If you are unable to attend any such meeting, you must notify us prior to the meeting and attempt to have a substitute person from the Business, acceptable to us, attend and represent you at such meeting. Failure to attend any required meetings will result in a fee of $1,000 owed to us. You must attend at least one meeting per year. Failure to do so may result in termination of this Agreement.

F. Dress Code. You and your employees must adhere to the dress code we designate (which designations may be communicated through the Operations Manual) and utilize the uniform when interacting with customers or potential customers.

G. New Concepts. If you, your employees, or your principals develop any new concept, process or improvement in the operation or promotion of the Business, you shall promptly notify us and provide us with all necessary related information, without compensation. Any such concept, process or improvement shall become our sole property and we shall be the sole owner of all patents, patent applications, trademarks, copyrights, and other intellectual property rights related thereto. You and your principals hereby assign to us any rights you may have or acquire therein, including the right to modify such concept, process, or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process, or improvement in any and all countries, and further agree to execute and provide us with all necessary documentations for obtaining and enforcing such rights. You and your principals hereby irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process, or improvement. In the event that the foregoing provisions of this Article 7.G are found to be invalid or otherwise unenforceable, you and your principals hereby grant to us a worldwide, perpetual, nonexclusive, fully paid license to use and sublicense the use of the concept, process, or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe your rights therein.

ARTICLE 8

FEES, REPORTING AND AUDIT RIGHTS

You must pay the fees described below and comply with the following provisions:

A. Initial Franchise Fee. You must pay to us an Initial Franchise Fee in the amount designated on the Data Sheet attached as Appendix A to this Agreement, upon execution of this Agreement. The Initial Franchise Fee is deemed fully earned by us upon receipt and is non-refundable.

B. Royalty Fee. In addition to the Initial Franchise Fee, during the full term of this Agreement and in consideration of the rights granted to you, you must pay to us a weekly Royalty Fee equal to 7% of Gross Sales of the Business, which includes all fees you generate from the Approved Service Lines and otherwise in connection with the operation of the Business.

C. Turn-Key Business Package. When you sign this Agreement, you must pay to us or one of our affiliates, including ERS Depot, Inc., as we designate, the Turn-Key Business Package Fee in the amount designated on the Data Sheet attached to this Agreement as Appendix A. The Turn-Key Business Package contains various products and equipment necessary for you to commence business operations, and depending on the package purchase, may include: (i) equipment necessary to perform Restoration Services; (ii) computer equipment and software; (iii) initial inventory; (iv) office equipment and supplies; (v) vehicle decals; (vi) tools and equipment; (v) marketing supplies; and (vi) uniforms, all of which we may periodically change. The materials that are included in our Turn-Key Business Package may be shipped F.O.B. from our approved suppliers. The costs you incur for the Turn-Key Business Package are non-refundable.

D. Technology Fee. You must pay the then-current weekly technology fee throughout the term of this Agreement. The fee may cover items such as lease of our proprietary software, listing on the website, and other technology that we deem necessary for the benefit of the System. The technology fee in effect as of the effective date of this Agreement is set forth on the Data Sheet attached to this Agreement as Appendix A and is subject to increase effective on notice to you. Additionally, we reserve the right to charge more for multiple users and/or additional services.

E. Computations and Remittances; Application of Payments. Except for the Initial Franchise Fee, you must compute all amounts due and owing at the end of each week's operation. The royalty week runs Sunday to Saturday, and the royalty report must be updated and submitted in the manner we require by Saturday

of each week, and monies must be available for debiting on Wednesday for the preceding week of collected Gross Sales. We reserve the right to change the reporting day of the week for any or all amounts.

You must certify the computation of the amounts in the manner and form we specify, and you must supply to us any supporting or supplementary materials as we reasonably require verifying the accuracy of remittances. You waive any and all existing and future claims and offsets against any amounts due under this Agreement, which amounts you must pay when due. We have the right to apply or cause to be applied against amounts due to us or any of our affiliates any amounts that we or our affiliates may hold from time to time on your behalf or that we or our affiliates owe to you.

F. Electronic Transfer of Funds. You must sign an electronic transfer of funds authorization, attached as Appendix E, to authorize and direct your bank or financial institution to transfer electronically, on a weekly basis, directly to our account or our affiliates' and to charge to your account all amounts due to us or our affiliates. You must maintain a balance in your account sufficient to allow us and our affiliates to collect the amounts owed when due. You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this subparagraph.

G. Interest Charges; Late Fees. All amounts that you owe to us or to our affiliates will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. In addition to interest charges on late Royalty Fee and Marketing Fund Fee payments, you must pay to us a late fee of $25 for each delinquent report, and/or for each day that any payment that you owe to us under this Agreement is paid late, per occurrence. If a payment is returned to us because there are insufficient funds in your bank ("NSF") account, then for each returned payment, we may collect an additional payment equal to the greater of (i) $37 or (ii) the amount we are charged by the bank plus a $5 administrative fee. The late fee and NSF fees are not interest or a penalty, it is only to compensate us for increased administrative and management costs due to the late payment or NSF.

H. Financial Planning and Management. You must record the sale of all Approved Service Lines in the manner and timeframe we specify. You must use, and pay for the accounting system that we specify, which we may be able to access without limitation. You also must keep books and records and submit reports as we periodically require and, on the forms, and in accordance with the methods we require, all of which accurately reflect the operations and condition of the Business operations. You must provide this information to us according to reporting formats, methodologies, and time schedules that we establish from time to time. You also must preserve and retain the books, records, and reports for not less than 60 months. You must allow us electronic and manual access to all records relating to the Business.

I. Required Reports. You must submit to us all reports with respect to the preceding month by the dates and in the form and content as we periodically prescribe. The reports we may require include, but are not limited to, the following information for the preceding month: (i) amount of Gross Sales and gross receipts of the Business, amount of sales tax and the computation of the Royalty Fee and the Marketing Fund Fee; (ii) if we request, copies of your most recent Federal, state, or other income tax returns, details and monthly balance sheet and statement of profit and loss, including a summary of your costs for utilities, labor, rent and other material cost items; and (iii) if requested by us to verify your Gross Sales, all such books and records as we may require under our audit policies published from time to time. You also must, at your expense, submit to us within 90 days after the end of each fiscal year a detailed balance sheet, profit and loss statement and statement of cash flows for such fiscal year, prepared on an accrual basis including all adjustments necessary for fair presentation of the financial statements, including a supplemental schedule of revenue and expenses prepared in the format we may periodically prescribe. We may require that the annual financial statements be reviewed or audited by a certified public accountant. You must certify all reports to be true and correct. Prior to opening, and by November 15th of each year, you must submit to us a business plan, your yearly financial projections, and your marketing plan in the manner specified by us. You acknowledge and agree that we have the right to impose these requirements on you regardless of whether we impose the same requirement on our other franchisees.

J. Our Audit Rights. We or our authorized representative have the right at all times during the business day to enter the premises where your books and records relative to the Business are kept and to evaluate, copy and audit such books and records. We also have the right to request information from your suppliers and vendors. In the event that any such evaluation or audit reveals any understatement of your Gross Sales, or that you serviced in another System Franchisee's territory, or in one of our Affiliate's territories, you must pay for the audit, and in addition to any other rights we may have, we have the right to conduct further periodic audits and evaluations of your books and records as we reasonably deem necessary for up to 2 years thereafter and any further audits and evaluations will be at your sole expense, including, without limitation, professional fees, travel, and room and board expenses directly related thereto. Furthermore, if you understate or underreport Gross Sales at any time, or if a subsequent audit or evaluation conducted within the 2-year period reveals any understatement of your Gross Sales of 2% or more, in addition to any other remedies provided for in this Agreement, at law or in equity, we have the right to terminate this Agreement immediately.

We will keep your financial books, records and reports confidential, unless the information is requested by tax authorities or used as part of a legal proceeding, for the purposes of Articles 12.B and 14.E, or where your information is grouped with similar information from other businesses to produce shared results like high-low ranges or average gross sales or expenses on a system-wide or regional basis.

K. Tax Payments. You will pay all state and local taxes, including, without limitation, taxes denominated as income or franchise taxes, that may be imposed on us as a result of our receipt or accrual of any fees or payments due from you to us (or our affiliates) under the Franchise Agreement, whether assessed against you through withholding or other means or whether paid by us directly. In either case, you will pay to us (and to the appropriate governmental authority) such additional amounts as are necessary to provide us (and to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us, not been required.

L. Lien and Security Interest Grant. By signing this Agreement, you grant to us a lien and security interest in and against any and all personal property, equipment, and fixtures owned by you and used in connection with the Business as security for the payment of the obligations outlined in this Agreement.

ARTICLE 9

MARKETING

You agree to actively promote the Business, to abide by all our marketing requirements and to comply with the following provisions:

A. Marketing Fund Fee. You must pay to us a weekly Marketing Fund Fee in an amount equal to 2% of your Gross Sales (the "Marketing Fund"), in the manner described in Articles 8.C and 8.D. All Marketing Fund Fees- will be placed in a Marketing Fund. We will manage the Marketing Fund. Excess Marketing Fund contributions not spent in any fiscal year will be carried over for future use. We may use the Marketing Fund to formulate, develop, research, and conduct marketing, promotional, public relations, customer satisfaction and/or lead generation programs to promote the RSFG System and one or more of the RSFG Service Lines in a form and media we determine in our sole judgment to be appropriate, including coverage that is local, regional, or national in scope.

An unaudited annual income and expense statement for the Marketing Fund will be available by request by April 15th of each year for the previous calendar year. You acknowledge and agree that: (i) we have the absolute and exclusive right to determine expenditures of funds collected and as to the selection of any

programs for which said expenditures are made; (ii) the Marketing Fund is not a trust or escrow account and we have no fiduciary obligation to you or to any System Franchisee with respect to the marketing programs or expenditures of funds; and (iii) we reserve the right to use the Marketing Fund to reimburse us for all costs that we (and /or our designee) incur related to such programs, campaigns, and studies, including the proportionate compensation of employees who devote time and render service in the conduct, formulation, development and production of the programs, campaigns and studies or the administration of the Marketing Fund. We may make reasonable disbursements from the Marketing Fund for the payment of expenses incurred in connection with the general promotion of the Trademarks and System including the cost of formulating, developing and implementing customer lead generation programs and/or market studies, and the reasonable costs of administering these programs, including accounting expenses and the actual cost of salaries and fringe benefits paid to our employees or designees engaged in administration of the programs.

We have the absolute and exclusive right to determine the contents, terms and conditions of the market development programs. You have no property rights of any kind with respect to the monies in the Marketing Fund. We have no obligations to spend any amount on marketing in the area or PAR where you are located or for Service Lines that you offer. Excess Marketing Fund contributions not spent in any fiscal year will be carried over for future use.

We may use national and regional agencies from time to time to create and place advertising and marketing communications, public relations campaigns and/or develop and administer lead generation studies or programs.

The Marketing Fund will not be used for advertising principally directed at the sale of franchises; however, we may state on any advertisements that "franchises are available," and to "contact us for information regarding this opportunity."

B. Local Marketing. Prior to initial training, you must hire a Business Development Manager (BDM), an employee whose primary responsibility is to sell the Business Services to contractors, adjusters, and similar companies. You must have one for each PAR that you are awarded. With our prior written permission, you may serve in this capacity in one PAR; however, you must then hire a Designated Manager to manage the operation aspects of the Business.

We require you to record all sales activity in the software that we designate, as well as to meet certain Sales Activity Score as outlined in the Operations Manual (the "Sales Activity Score"). Currently the fee for this software is paid for as part of the Technology Fee. The current Sales Activity Score will measure, on a scale of "0" to "100" (where "100" is the best score), the sales activity performed in your PAR through specific metrics noted in the Operations Manual. You must achieve a passing aggregate average Sales Activity Score for each rolling 90-day period, as outlined in the Operations Manual. Currently a passing score is a Sales Activity Score of 60. If you fail to meet this aggregate Sales Activity Score rating, you will be deemed in default of the Franchise Agreement.

In addition to the Marketing Fund Fee, and the requirement to hire a BDM, we recommend, but do not require, that you spend on local sales and marketing activities each year. In your first year of business, the recommendation is the greater of 5% of Gross Sales or $12,000, and in the second year or more, the recommendation is the greater $20,000 or 5% of Gross Sales, capped at $50,000.

We require that you join and participate in the claims and insurance associations that we designate as being pertinent to your market. You must also claim, and pay for, the online listings that we designate. You also must list your Business in the Yellow Pages and White Pages of the primary telephone director servicing your PAR when such listing is available at no or minimal cost.

C. Approved Marketing Materials. You must use only such marketing materials as we furnish, approve, or make available, and the materials must be used only in a manner that we prescribe. Any additional local marketing materials that you wish to utilize must be submitted to us for our prior written approval (including print, electronic or other forms of media). We will not unreasonably withhold approval of your

marketing materials if they are factually accurate and current, dignified and in good condition and accurately reflect the Trademarks. Any local advertising materials you submit to us will be deemed approved if we do not disapprove or comment on the materials within 10 business days of receipt of the materials. We reserve the right to revoke the approval of any advertising material previously approved with 30 days written notice to you.

Any public figures you choose to use in connection with local promotions must be approved by us, in the same manner as specified in the above paragraph.

D. Cooperative Advertising. We have the right to establish and maintain local advertising cooperatives based on designated marketing areas. If a local or regional advertising cooperative is formed or organized in your market, you will be required to participate and contribute. The contribution amount designated by the cooperative must be on a percentage of Gross Sales basis and per Franchised Business and must be the greater of 1% of Gross Sales or $5,000 per year (the "Coop Contribution"). Each Franchised business within an advertising cooperative, including primarily residential businesses offering the Service Lines that are owned by us or our affiliate, will be a member of the cooperative and have one vote per business. Each advertising cooperative will be required to adopt governing bylaws that meet our approval and that we may require the cooperative to amend from time to time. We may provide each advertising cooperative with a sample form of bylaws that the cooperative must use, and we must approve, containing certain terms and conditions that we require, although the bylaws cannot modify the voting structure set forth in this paragraph without our prior written permission. The advertising cooperatives must submit to us its meeting minutes upon our request. All advertising cooperatives must obtain our written approval of all promotional and advertising materials, creative execution, and media schedules prior to their implementation. The members of each cooperative and their elected officers will be responsible for the administration of the advertising cooperative. We reserve the right to administer the cooperatives' funds and require payment from its members via electronic funds transfer. If we determine the need exists, we may require each advertising cooperative to engage the services of a professional media buyer or advertising agency that meets with our approval and has expertise in the industry and in the particular market. We may require each cooperative to have an independent certified public accountant prepare annual financial statements, which will be available to us and to all franchisee members of the cooperative. We have the right to require advertising cooperatives to be formed, changed, dissolved, or merged. We may also implement a franchisee advisory council that will provide advisory input on marketing and related matters.

ARTICLE 10

YOUR OTHER OBLIGATIONS; NONCOMPETE COVENANTS

You agree to comply with the following terms and conditions:

A. Payment of Debts. You agree to pay promptly when due: (i) all payments, obligations, assessments and taxes due and payable to us, vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with the Business or Products or Services used in connection with the Business; (ii) all liens and encumbrances of every kind and character created or placed upon or against any of said property; and (iii) all accounts and other indebtedness of every kind incurred by you in the conduct of the Business. In the event you should default in making any payment, we will be authorized, but not required, to pay the same on your behalf and you covenant promptly to reimburse us on demand for any such payment.

B. Indemnification. You hereby waive all claims against us (and any affiliates, officers, directors, agents, and employees) for damages to property, death, or injuries to persons arising directly or indirectly out of the management or operation of the Business. You must indemnify and hold us (and any affiliates, officers, directors, agents and employees) harmless from and against any and all claims, demands and liabilities of any nature whatsoever arising in any manner, directly or indirectly, from or in connection with the operation, use, or occupancy of the Business or premises or any breach by you, or by your or your

employees' actions or inactions, or by your failure to comply with the terms and conditions of this Agreement, including attorneys' fees and costs (regardless of cause or any concurrent or contributing fault or negligence of any party). As to third party claims related to Restoration Services that we provide to customers of your Business, we will indemnify and hold you harmless from and against all claims, demands and liabilities from third parties regarding work performed of any nature whatsoever arising in any manner, directly or indirectly, from such Restoration Services performed by us.

It is the intention of the parties to this Agreement that we shall not be deemed a joint employer with you for any reason; however, if we incur any cost, liability, loss, or damage as a result of any actions or omissions of you or your employees, including any that relate to any party making a finding of any joint employer status, you will fully indemnify us for any such cost, liability, loss, and damage.

C. Insurance. You agree to purchase the types and amounts of insurance coverage described below (as we may change or supplement, in our sole business judgment, as specified by the Operations Manual or otherwise by us in writing):

(1) Commercial General Liability, Contractor's Pollution Liability Insurance, and Professional Liability Insurance. Coverage for "bodily injury," "property damage," and "personal and advertising injury" with no exclusion or limitation applying to the products / completed operations liability coverage. Limits must be at least $2,000,000 general aggregate, $2,000,000 products and completed operations aggregate, $1,000,000 personal and advertising injury limit and $1,000,000 per occurrence.

Limits must specifically confirm coverage for pollution, including mold and lead, with minimum limits of $1,000,000 each incident, with $1,000,000 aggregate. The limited liability pollution endorsement does not meet the pollution insurance requirement. Contractual liability coverage including the assumed personal and advertising injury endorsement must be included to cover the indemnity provisions of this Franchise Agreement. The exclusion for employer's liability shall not apply to claims for covered contractually assumed liability claims.

Such policy shall contain a waiver of subrogation endorsement as to claims against Restoration Specialties Franchise Group, LLC.

Restoration Specialties Franchise Group, LLC shall be named as an additional insured on this policy on a primary and noncontributory basis, and with both a CG-2037 Products/Completed Operations Form, and a Grantor of Franchise Form CG2029 or an insurer's comparable form.

(2) Automobile Liability Insurance. You are required to maintain insurance with a combined single limit ("CSL") of $1,000,000 for bodily injury and property damage for all owned or leased vehicles and include hired and non-owned vehicles. Additionally, uninsured motorist and under-insured motorist coverage will be equal to the CSL.

(3) Workers' Compensation and Employers' Liability. Statutorily required workers' compensation insurance and employer's liability insurance is required to be maintained with limits of at least $500,000 by accident, $500,000 by disease and $500,000 policy limit. In "Monopolistic States" including Ohio, North Dakota, Washington, Wyoming, and West Virginia "Stop Gap" coverage must be purchased separately or added to the commercial general liability policy and/or worker's compensation and employers' liability policy. "Stop Gap" in Ohio must not contain exclusion with the "substantially certain to occur" language.

(4) Employee Dishonesty Insurance. You are required to maintain employee dishonesty insurance with minimum limits of $50,000 per loss and such coverage is to also cover acts of stealing against third parties. This coverage must increase by $50,000 for each $4,000,000 in annual Gross Sales achieved up to $250,000 per loss (for example, at $4,000,000 in Gross Sales, your bond would need to increase to $100,000 at $8,000,000 to $150,000, etc.)

(5) Umbrella or Excess Liability Insurance. You are required to maintain a commercial umbrella liability insurance policy with minimum limits of $1,000,000 per occurrence and aggregate and shall list the commercial general liability, pollution liability and automobile liability as scheduled underlying policies. This policy will need to increase by $1,000,000 per occurrence and aggregate for each $4,000,000 in Gross Sales achieved up to $10,000,000 per occurrence and aggregate (for example, at $4,000,000 in Gross Sales, you would need to increase this to $2,000,000, at $8,000,000 to $3,000,000, etc.).

(6) Property Coverage: You are required to maintain insurance on your business personal property, at amounts equivalent to replacement value.

You must also carry insurance coverage for property of others in your care, custody, and control (including work in progress), with minimum limits equal to the value of goods in your possession at any one time, or $250,000, whichever amount is higher.

You must carry business income and expense coverage for twelve months.

(7) Bailees Legal Liability: You are required to maintain Bailees Legal Liability Insurance, covering the liability for damage to Customer's goods, which must have minimum limits equal to the value of goods in your possession at any one time, or $250,000, whichever amount is higher.

(8) Motor Truck Cargo: You are required to maintain motor truck cargo insurance to cover goods in transit, at a minimum of $100,000 per incident.

You are required to comply with any state, county, local, or other municipal insurance requirements.

You should carefully review your policy to make sure that they do not exclude items of (a) for Art - rarity, antiquity, fine arts, (b) for Electronics - electronics and/or data documents, for (c) Textiles – textiles, clothing, including furs, suedes, and leather, drapery/curtains, as well as valuable collectables such as dolls, quilts, etc., and for (d) Documents - paper, including items with confidential information.

No deductible or self-insured retention can exceed $5,000 for any required insurance policy, except that you may have retention of up to $10,000 on the Umbrella Liability Insurance policy.

You may not reduce the policy limits, restrict coverage, cancel, or otherwise alter or amend any insurance policy without our written consent. You must maintain these insurance levels throughout the term of this Agreement. You must provide us with proof of coverage on demand. You must obtain these insurance policies from insurance carriers that are rated "A" or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Franchised Business.

Commercial General Liability, Contractor's Pollution Liability Insurance, and Professional Liability Insurance, Automobile Liability Insurance, and Umbrella or Excess Liability Insurance policies will name Restoration Specialties Franchise Group, LLC as an additional insured and any other entities that we designate (the "Indemnified Parties"), will contain no provision which in any way limits or reduces coverage for you in the event of a claim by any one or more of the Indemnified Parties, will extend to and provide indemnity for all obligations assumed by you and all items for which you are required to indemnify us, will be primary to and without right of contribution from any other insurance purchased by the Indemnified Parties, and will provide, by endorsement, that we receive at least 10 days prior notice of any intent to cancel or materially alter any policy. Whenever a change is made to your policy, and before expiration of any insurance coverage, you must submit to us a copy or certificate or other acceptable proof of such insurance with a copy of the Additional Insured Endorsement on your policy. On occasion, we may request complete copies of all insurance policies to insure compliance with the insurance provisions of this contract.

Periodically we may modify the minimum insurance limits and require different or additional kinds of insurance to reflect changes in insurance standards, normal business practices, higher court awards and other relevant circumstances. You will receive at least 90 days advance written notice of any change.

D. Non-competition Covenants. You agree that you will receive valuable training and Confidential Information that you otherwise would not receive or have access to but for the rights licensed to you under this Agreement. You therefore agree to the following noncompetition covenants:

1. Unless otherwise specified, the term "you" as used in this Article 10.D, 10.E. and 10.F., includes, collectively and individually, you, all Principal Operators, Minority Operators, your Designated Manager (if any), guarantors, officers, directors, members, managers, partners, and holders of any ownership interest in you. We may require you to obtain from your Designated Manager and other individuals identified in the preceding sentence a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this Article 10.D.

2. You covenant that during the term of this Agreement, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with, or have any interest in any Competitive Activity other than as authorized by this Agreement or any other agreement between us and you. For purposes of this Agreement, "Competitive Activity" means any other business: (a) offering, marketing, selling or providing any service that is the same as or substantially similar to any of the Service Lines, and/or (b) selling products and services similar to the Products and Services sold by the Franchised Business, including but not limited to those Products and Services outlined in Articles 1.A, 1.B., 1.J and 2.B of this Agreement (each a "Competitive Business"). The term "Competitive Activity" also means any business offering franchise or license opportunities for the operation of a Competitive Business.

3. You covenant that you will not, for a period of 2 years after the expiration or termination of this Agreement, regardless of the cause of termination, or within 2 years of the sale of the Business or any interest in you, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in a business engaging in a Competitive Activity within: (i) the PAR; (ii) a 40-mile radius outside the PAR; or (iii) within the primary area of responsibility of another System Franchisee.

4. You expressly agree that the 2-year period and geographical restrictions are the reasonable and necessary time and geographic scope needed to protect us, our franchisees, and the Franchised System if the Agreement expires or is terminated. You also agree that the length of time in subpart (3) will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement.

E. Non-Solicitation. As further outlined in Article 6.G we own all data and information related to customers and potential customers of the Business, including, without limitation, all customer lists. In the event of the expiration, nonrenewal, transfer or termination of this Agreement, you agree that you will not use, disclose, or retain, in any form any customer lists or other customer information. In addition, you agree that you will neither solicit, induce, or attempt to influence any former, current, or potential customers, clients, business associates, affiliates, suppliers, vendors, contractors, entities, or persons who refer business to you, us, or another System Franchisee, for any business purpose or in attempts to encourage them to cease doing business with you, us, or another System Franchisee. Your further acknowledge and agree the underlying business purpose for this Article 10.E is to address the damage that we will incur for the loss of the person hired away, including the costs of finding, hiring, and training a new management-level employee and for the loss of the services and experience of the employee hired away.

F. Spouses and Immediate Family Members. It shall be deemed a breach of this Agreement if your spouse, parent, sibling, or children should engage in any of the prohibited conduct outlined in Article 10.D and E.

ARTICLE 11

TERMINATION

The following provisions apply with respect to termination:

A. Termination by Us. We have the right to terminate this Agreement effective upon notice to you, unless otherwise specified below, under the following provisions:

1. Termination After Opportunity to Cure. Except as otherwise provided in this Article 12.A; you will have either 10 days, 30 days, 60 days, or 90 days (as specified below) from the date of our issuance of a written notice of default to cure any default under this Agreement. Your failure to cure a default within the cure period will provide us with good cause to terminate this Agreement. The termination will be accomplished by mailing or delivering to you written notice of termination that will identify the grounds for the termination; and the termination will be effective immediately upon our issuance of the written notice of termination.

a. Failure to pay when due any amounts required to be paid to us or any of our affiliates whether pursuant to this Agreement or otherwise or to any third party (including vendors and suppliers) as required by this Agreement or any other agreement between you and us or our affiliates, or failure to submit any report, statement or return that is required under this Agreement, and you do not cure the default within 10 days of receiving written notice of this default.

b. Failure to locate an acceptable Franchised Location for the Business and/or execute a lease for the Franchised Location prior to attending Initial Training; failure to attend Initial Training within four months of signing the Franchise Agreement; failure to begin operations of the Franchised Business within six months of signing this Agreement; and/or you do not cure the default within 30 days of receiving written notice of the default.

c. Failure to acquire, continuously maintain, or to provide satisfactory evidence that you have acquired and maintained, the required minimum levels of insurance. However, we will not exercise our right to terminate this Agreement provided that immediately upon receipt of written notice from us, you cease operating the Franchised Business, and obtain the required insurance within 10 days of receiving written notice of this default.

d. The offer of services other than the Approved Service Lines, failure to offer the services required by this Agreement, and/or failure to honor a warranty provided to a customer; and you do not cure the default within 30 days of receiving written notice of the default.

e. Failure to (i) comply with any mandatory or required System Standard, (ii) comply with material modifications to any mandatory or required System Standards, (iii) operate the business as specified in the Operations Manual, or (iv) comply with any other provision provided for under the Franchise Agreement; and you do not cure the default within 30 days written notice.

f. Failure to meet the Minimum Performance Standards and fail to cure any Minimum Performance Standards default by paying the Shortfall Royalty within 30 days written notice.

g. Failure to achieve a passing aggregate average customer satisfaction rating for two or more rolling 90-day periods in a calendar year; failure to submit the documentation required under 2.G of the Franchise Agreement for any 90-periods where your aggregate average customer satisfaction rating was not passing; failure to follow through on any preventative action plan required under 2.G. of the Franchise Agreement; and/or you fail to cure the default within 60 days written notice.

h. You receive a notice of your non-compliance with applicable laws, whether that be from a federal, state, local law, or other required regulation or ordinance governing body (for example, OSHA), and you do not cure the matter in a way satisfactory to the governing body within thirty days of your notification.

i. Failure to achieve the minimum Sales Activity Score in two or more rolling 90-day periods in a calendar year; failure to follow through any preventative action plan required under 9.B. of the Franchise Agreement; and/or you fail to cure the default within 60 days written notice.

2. Immediate Termination with No Opportunity to Cure. If any of the following defaults occur, you will have no right to cure the default and this Agreement will terminate effective immediately on our issuance of written notice of termination:

a. Willful and material acts of deceit or falsification, such as (i) willfully deceiving customers relative to the source, nature or quality of services sold; (ii) making any material misrepresentation on the franchise application or otherwise relating to the acquisition or operation of the Franchise, (iii) willful and material falsification of any report, statement or other written data furnished to us; and/or (iv) other similar acts.

b. Voluntary abandonment of the Business for a period of five or more business days. Some signs of voluntary abandonment may include actions such as ceasing to service customers, the disconnection of the telephone without a new number immediately being reinstalled or reconnected, default or termination of lease without a new location selected, default or loss of vehicles, and/or other conduct that we would consider abandonment of the Business.

c. Violation of any covenant of confidentiality, non-disclosure, or non-competition provision of the Franchise Agreement.

d. Voluntary or involuntary bankruptcy by or against you or any Personal Guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors.

e. Conviction of you or any Personal Guarantor (or pleading no contest to) any felony; or to an offense that brings or tends to bring any of the Trademarks into disrepute or impairs or tends to impair the goodwill of any of the Trademarks.

f. Intentionally understating or underreporting Gross Sales; failure to timely record payments received by you, including in connection with the operation of the Business in the Software; or if a subsequent audit is performed within a 2-year period and both audits showed your failure to timely record in the Software, 2% or more of payments received in connection with the operation of the Franchised Business.

g. Any unauthorized assignment or transfer of the Business, this Agreement or you.

h. A second default of any type within any 12-month consecutive period, regardless of whether the default was subsequently cure; or if you should failure to cure any default within the required notice period.

3. Immediate Termination After No More than 24 Hours to Cure. If a default under this Agreement occurs that materially impairs the goodwill associated with any of the Marks, violates any health or safety law or regulation, violates any System standard as to health and safety, or if the operation of your Business presents a health or safety hazard to the public or to customers or employees: you will have no more than 24 hours after we provide written notice of the default to cure the default; and if the default is not timely cured, this Agreement will terminate effective immediately on our issuance of written notice of termination.

4. Effect of Other Laws. The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersede any provision of this Agreement that is less favorable to you.

5. Multiple Franchise Agreements. If you have entered into more than one franchise agreement with us, then a default under any of the franchise agreements will constitute a default under all franchise agreements.

B. Termination by Franchisee. You may terminate this Agreement as a result of a breach by us of a material provision of this Agreement; provided that: (i) you provide us with written notice of the breach that identifies the grounds for the breach; and (ii) we fail to cure the breach within 30 days after our receipt of the written notice. If we fail to cure the breach, the termination will be effective 60 days after our receipt of your written notice of breach. Your termination of this Agreement under this Article will not release or modify your post-term obligations under Article 13 of this Agreement.

ARTICLE 12

POST-TERM OBLIGATIONS

Upon the expiration or termination of this Agreement:

A. Reversion of Rights. All your rights to the use of the Trademarks and all other rights and licenses granted herein and the right and license to conduct the Business under the Trademarks in the PAR will revert to us without further act or deed of any party. All your right, title, and interest in, to and under this Agreement will become our property. You must immediately pay all sums due to us, our affiliates or designees and all sums you owe to third parties that have been guaranteed by us, our parent or any of our affiliates. You must immediately comply with the post-term non-competition and non-solicitation obligations under Articles 10.D-10.F, cease all use and display of the Trademarks and of any material copyrighted by us (including without limitation the Operations Manual and other Confidential Information), and return to us all customer lists and related data. You must immediately cease using the customer list and must refrain from any business relationship with any customer of the Franchised Business. You must immediately return to us, at your expense, all copies of the Operations Manual, any training videos, the full customer list, the full software database, all licensed software, as well as any other information or materials designated by us in writing as proprietary and continue to comply with the confidentiality provisions of Article 6.F.

B. Discontinuation of Business and Trademark Use. Upon your receipt of the written notice of expiration or termination, you may not accept or service any customer, but you immediately must transition all customers to us. You must return all customer property to the customer. You must cease your participation in any System Web site and our intranet system and must discontinue your use of the Trademarks or System on the Internet or other online communications. Furthermore, you must not use any of the Trademarks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media. You also must take such action as may be required to cancel all assumed name or equivalent registrations relating to the use of any trade name or Trademarks and notify the telephone company and listing agencies of the termination or expiration of your right to use all telephone numbers of the Business and all

classified and other directory listings of the Business and authorize the transfer of such numbers and directory listings to us or as we direct, all in accordance with the Assignment of Telephone Numbers attached as Appendix B. This agreement by you regarding the telephone numbers and listings is for the benefit of such telephone company serving you. You agree to hold any such telephone company harmless from any and all claims against it arising out of any orders given by us to terminate, transfer or put-on referral such telephone service. You must transfer to us or terminate service, as designated by us, all domain names, electronic mail accounts, online listings, social media accounts, and the like, which were set-up for the Business. Notwithstanding the foregoing, in the event of expiration or termination of this Agreement, you will remain liable for your indemnification obligations specified in Article 10.B or under common law and other obligations pursuant to any applicable lease for the Business premises or otherwise, which by their very nature are intended to survive the expiration or termination of this Agreement.

Unless otherwise specified above, you must deliver satisfactory evidence of your completion of all the items in 12.A. and 12.B within 30 days.

ARTICLE 13

DISPUTE RESOLUTION

The following provisions apply with respect to dispute resolution:

A. Mediation. You and we have reached this Agreement in good faith and with the belief that it is advantageous to each of us. In recognition of the strain on time, unnecessary expense and wasted resources potentially associated with litigation, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation. Other than an action brought by us for any Excepted Claim (as defined below), and with the exception of injunctive relief or specific performance actions, before the filing of any litigation, you and we agree to mediate any dispute, controversy or claim between us and/or any of our affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Franchisor Related Party"), on the one hand, and you and/or any of your affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Franchisee Related Party"), including without limitation, in connection with any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) the parties' relationship; and/or (c) the events occurring prior to the entry into this Agreement. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to commencing and maintaining any legal action, including any action to interpret or enforce this Agreement. This agreement to mediate shall survive any transfer, termination, or expiration of this Agreement. The following provisions shall govern the mediation process:

1. Mediation will be conducted in the city and state of our National Headquarters. Persons authorized to settle the dispute must attend each mediation session in person. The party seeking mediation (the "Initiating Party") must commence mediation by sending the other party/parties a written notice of its request for mediation (the "Mediation Notice"). The Mediation Notice must specify, to the fullest extent possible, the nature of the dispute, the Initiating Party's version of the facts surrounding the dispute, the amount of damages and the nature of any injunctive or other such relief such party claims, and must identify one or more persons with authority to settle the dispute for the Initiating Party.

2. Upon receipt of the Mediation Notice, the parties will endeavor, in good faith, to resolve the dispute outlined in the Dispute Notice. If the parties have been unable to resolve any such dispute within twenty (20) days after the date the Mediation Notice is provided by the Initiating Party to the other party, either party may initiate a mediation procedure in accordance with this provision. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible, within thirty (30) days of the date the mediator is mutually agreed upon by the parties. The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section.

3. The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful after reviewing the position papers, the mediator shall give both himself or herself and the authorized person designated by each party an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the authorized persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties. All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party.

4. The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible. The mediation may be concluded: (a) by the signing of a settlement agreement by the parties; (b) by the mediator's declaration that the mediation is terminated; or (c) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin litigation within this period only if the litigation might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

5. The fees and expenses of the mediator shall be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert, or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved. The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual, or audio record of the proceedings may be made. Any conduct, statement, promise, offer, view, or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view, or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in the mediation.

B. Exceptions to Mediation. Notwithstanding anything contained in this Agreement to the contrary, the parties agree that the following claims will not be subject to mediation: Any: (i) claim by us and/or any of our affiliates for injunctive relief, including pursuant to Article 13.D; and/or (ii) claim, controversy, dispute, or claim that concerns an allegation that you and/or any of your owners have violated (or threatens to violate, or poses an imminent risk of violating): (a) any provision relating to use of the Marks, the System or any Confidential Information; (b) any federally or state protected intellectual property rights in the Marks, the System, or in any Confidential Information; (c) any of the restrictive covenants contained in this Agreement, including the confidentiality and non-competition covenants; or (d) any claims to collect past due amounts owed to us and/or its affiliates (each, an "Excepted Claim" and collectively, the "Excepted Claims"). Without limiting the foregoing, we are permitted to seek immediate injunctive relief in the state or federal courts in any court with personal jurisdiction over you if you are violating or threatening to violate any confidentiality and/or restrictive covenant in this Agreement or if you are infringing on the Marks. In such an action, we are permitted but not obligated to assert any other existing claims against you.

C. Litigation. With the exception of Excepted Claims, and if not resolved by the negotiation and mediation procedures set forth in Article 16.A. above, either party may initiate litigation against the other upon a breach of this Agreement, seeking any and all remedies available under law and/or in equity. Such litigation will take place in jurisdiction as outlined in Article 16.I.1.

D. Injunctive Relief. You recognize that the Business is one of a large number of businesses identified by the Trademarks and similarly situated and selling to the public similar products and services, and the failure on the part of a single franchisee to comply with the terms of its agreement could cause irreparable damage to us or to some or all our other franchisees. Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief. Similarly, it is mutually agreed that in the event of our breach or threatened breach of any of the terms of this Agreement, you will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that the parties might otherwise have by virtue of any breach of this Agreement by the other party.

E. Attorneys' Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement or the Business will be entitled to recover its reasonable attorneys' fees and costs from the other party. This Article 13.E will survive termination or expiration of this Agreement under any circumstances.

F. Enforcement. During the term of this Agreement, if you do not give us written notice of the alleged breach of this Agreement within one year from the date that you have knowledge of circumstances reasonably causing you to believe you may have a claim for a breach of this Agreement by us, then the alleged breach will be deemed to be waived by you in all respects and you will be barred from bringing any legal or other action against us for the alleged breach. Furthermore, upon expiration or termination of this Agreement, you may not assert any claim or cause of action against us arising under, out of, or in any way connected with or related to this Agreement, the relationship between the parties, or the Business unless the claim or cause of action is commenced within one year after the effective date of the expiration or termination of this Agreement. Notwithstanding the preceding two sentences, if the one-year time limitation is prohibited by or invalid under any applicable law, then no suit or action may be commenced or maintained unless it is commenced within the shortest applicable statute of limitations.

ARTICLE 14

ASSIGNMENT BY FRANCHISEE

You agree that the following provisions will govern any transfer or proposed transfer by you:

A. Transfers. This Agreement is entered by us with specific reliance upon the financial qualifications and the personal experience, skills and managerial and financial qualifications of you and your Principal Operator, all of which are essential to the satisfactory operation of the Business licensed hereunder. Consequently, neither you nor your Principal Operator's interest in this Agreement or in the Business, nor your Principal Operator's interest in you, may be transferred or assigned to or assumed by any other person or entity (the "Assignee"), in whole or in part, unless you or your Principal Operator have first tendered to us the right of first refusal to acquire such interest in accordance with Article 14.E, and if we fail to exercise such right, unless our prior written consent is obtained and the transfer conditions described in Article 14.C are satisfied.

Any sale (including installment sale), lease, pledge, management agreement, contract for deed, option agreement, gift or otherwise or any arrangement pursuant to which you turn over all or part of the daily operation of the Business to a person or entity who shares in the losses and/or profits of the Business in a manner other than as an employee will be considered a transfer for purposes of this Agreement. Specifically,

but without limiting the generality of the foregoing, the following events constitute a transfer, and you must comply with the right of first refusal, consent, Transfer Fee, and other transfer conditions in this Article 14:

1. Any change or series of changes in the percentage of the franchisee entity owned, directly or indirectly, by any Principal Operator (including any addition or deletion of any person or entity who qualifies as a Principal Operator) which results in the Principal Operator owning less than 67% of the franchisee entity;

2. Any change in the general partner of a franchisee that is a general, limited, or other partnership entity; or

3. For purposes of this Article 14.A, a pledge or seizure of any ownership interests in you or in any Principal Operator that affects the ownership of 1% or more of you or Principal Operator, which we have not approved in advance in writing.

In the event of your or your Principal Operator's insolvency or the filing of any petition by or against you or your Principal Operator under any provisions of any bankruptcy or insolvency law, if your legal representative, successor, receiver or trustee desires to succeed to your or your Principal Operator's interest in this Agreement or the Business, such person first must so notify us, must tender the right of first refusal provided for in Article 14.E, and if we fail to exercise such right, must apply for and obtain our consent to the transfer and satisfy the transfer conditions described in Article 14.C. In addition, you, your Principal Operator, or the Assignee must pay our attorneys' fees and costs incurred in any bankruptcy or insolvency proceeding pertaining to you or your Principal Operator.

B. Consent to Transfer. We will not unreasonably withhold our consent to transfer, provided that the Assignee is, in our reasonable judgment, qualified to provide active supervision over the operation of the Business, the Assignee possesses sufficient net worth and sources of capital to meet our standards for the Business, and the conditions defined in Article 14.C are satisfied. Application for our consent to a transfer and tender of the right of first refusal provided for in Article 14.E must be made by submission of our form of application for consent to transfer, which must be accompanied by the documents (including a copy of the proposed purchase or other transfer agreement) or other information required therein. The application must indicate whether you or your Principal Operator proposes to retain a security interest in the property to be transferred. No such security interest will be created without our prior written consent and except upon conditions acceptable to us. Any attempted transfer by you or your Principal Operator without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void and will give us the right to terminate this Agreement.

C. Conditions of Transfer. Whether the transfer is to an individual, a corporation, a partnership or to any other entity, the following provisions apply:

1. We may condition our consent to any proposed transfer upon the following:

(a) all your obligations in connection with the Business have been assumed by the Assignee;

(b) all your ascertained or liquidated debts in connection with the Business, including all amounts owed to us or any of our affiliates or your suppliers have been paid in full;

(c) you are not in default under any provision of this Agreement; the Business must be in operation; and you must have completed Initial Training and opened the Business;

(d) the Assignee (i) meets the then current qualification criteria for the operation of the Franchised Business; (ii) enters into the then current form of Franchise Agreement; (iii) is not involved in a competitive business and (iv) completes the training program required of new franchisees;

(e) you or the Assignee has paid us the then-current transfer fee;

(f) you and all Personal Guarantors officers, directors and shareholders execute a general release in our favor;

(g) you and all Personal Guarantors, officers, directors, and shareholders agree to comply with the covenant not to compete and non-solicitation set forth in Articles 10.D, 10.E, and 10.F, of this Agreement; and

(h) in the case of an installment sale, if you or any Principal Operator proposes to retain a security interest or other financial interest in the Franchise Agreement or the Business operated thereunder (with our consent), you or such Principal Operator agrees to guarantee the performance of the Franchise Agreement until the final close of the installment sale or the termination of such interest, as the case may be.

(i) if you have been approved to do more than one Service Line in the same PAR, you must sell all Service Lines to the same buyer. If you own more than one PAR, you may sell each PAR to a separate buyer at our discretion.

2. Notwithstanding the conditions stated in Article 14.C.1 above, if you are an individual franchisee, you may assign the franchise to a corporation or other similar entity in which you own all the issued and outstanding capital stock provided that:

(a) the corporation or other similar entity is newly organized, and its activities are confined exclusively to acting as the franchisee under this Agreement;

(b) the corporation or other similar entity executes a document in a form approved by us in which it agrees to become a party to and be bound by all the provisions of this Agreement; and

(c) the Principal Operator remains personally liable in all respects under this Agreement and executes on a form approved by us a personal guarantee and agreement not to sell, assign, pledge, mortgage or otherwise transfer or encumber the stock.

3. We may require you to prepare and furnish to the Assignee or to us such financial reports and other data relating to the Business and its operations as we, in our sole and exclusive judgment, may deem necessary or appropriate for the Assignee or us to evaluate the Business and the proposed transfer. You agree that we have the right to confer with proposed assignees and furnish them with information concerning the Business and proposed transfer without being held liable to you. Any such information we furnish to proposed assignees is for the sole purpose of permitting the assignees to evaluate the Business and proposed transfer and must not be construed in any manner or form whatsoever as earnings claim or claims of success or failure.

D. Death, Disability, or Incapacity. If any individual franchisee (or Principal Operator) dies or becomes disabled or incapacitated and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as a franchisee hereunder, the person or entity must apply for our consent, successfully complete our training program, and pay the applicable Transfer Fee, all in accordance with this Article 14 as in any other case of a proposed transfer. Failure to transfer within 180 days of the Principal Operator's death, disability or incapacity constitutes a default under this Agreement. Further, we may temporarily manage and control the customer accounts of the Business during any interim or transition period associated with the transfer or assignment under this Article 14.D to ensure the continued integrity of the Trademarks and System.

E. Right of First Refusal. If you or your Principal Operator propose to transfer or assign this Agreement or your interest herein or in the Business, in whole or in part, to any third party, you or your Principal Operator first must offer to sell to us your interest as provided herein. In the event of a bona fide offer from such third party, you or your Principal Operator must obtain from the third-party offeror and deliver

to us a statement in writing, signed by the offeror and by you or your Principal Operator, of the terms of the offer. In the event of (i) a transfer or assignment of stock or similar ownership interests in you or your Principal Operator's interest in you, or (ii) you, your Personal Owner's or a Personal Guarantor's insolvency or the filing of any petition by or against you, or your Principal Operator or a Personal Guarantor under any provisions of any bankruptcy or insolvency law, our offer will be to purchase you and your Principal Operator's interest in this Agreement and the Business. An amount and terms of purchase must be established by a qualified appraiser selected by you and us. If the parties cannot agree upon the selection of an appraiser, one will be appointed by the American Arbitration Association upon petition of either you or us to appoint an appraiser to establish such price in accordance with the rules and procedures of the Association. You or your legal representative must deliver to us a statement in writing incorporating the appraiser's report.

We will have 30 days from our receipt of the statement setting forth the third-party offer or the appraiser's report to accept the offer by delivering written notice of acceptance to you. The acceptance will be on the same price and terms set forth in the statement delivered to us; provided, however, we will have the right to substitute equivalent cash for any noncash consideration included in the offer. If we fail to accept the offer within the 30-day period, you will be free for 6 months from the date the offer was submitted to us to affect the disposition described in the statement delivered to us; provided the transfer is not at a lower price or with more favorable terms than have been offered to us and is otherwise in accordance with this Article 14. If the disposition is not closed within the six-month period with the proposed assignee, then you or your Principal Operator must reoffer to sell to us prior to the sale to a third party. You or your Principal Operator may affect no other sale or assignment of you, this Agreement, or the Business without first offering the same to us in accordance with this Article 14.E.

ARTICLE 15

ASSIGNMENT BY FRANCHISOR

We reserve the right to sell or assign, in whole or in part, our interest in this Agreement. Any such sale or assignment will inure to the benefit of any assignee or other legal successor.

ARTICLE 16

GENERAL PROVISIONS

The parties hereby agree to the following provisions:

A. Severability. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement will be deemed to be valid and in full force and effect and the terms of this Agreement will be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding hereunder will, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

B. Waiver/Integration. Except as set forth in Article 13.D, no waiver by either party of any breach by the other party, nor any delay or failure by either party to enforce any provision of this Agreement, will be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce the non-breaching party's rights with respect to that or any other or subsequent breach. Subject to our rights to modify Appendices or System standards and requirements and as otherwise provided herein, this Agreement may not be waived, altered, or rescinded, in whole or in part, except by a writing signed by you and us. This Agreement

together with any addenda and appendices hereto constitute the entire agreement between you and us and supersede all prior negotiations, understandings, representations, and agreements.

Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document we furnished to you.

You acknowledge that you are entering into this Agreement as a result of your own independent investigation of our franchised business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law.

C. Notices. Notices may be sent by personal delivery, United States Mail, Registered Mail, by reputable commercial courier service, electronic mail, or facsimile.

1. Notices sent by U.S. Mail or Registered Mail are deemed delivered and effective three days after being placed with the delivery service.

2. Notices sent by a commercial courier service are deemed delivered and effective (i) one day after being placed for overnight service; (ii) two days after being sent via two-day delivery; (iii) three days after being sent via three-day delivery or (iv) five days after being sent ground.

3. Notices delivered by personal delivery, sent by electronic mail or facsimile will be deemed delivered as of the day delivered/sent.

Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this Article. The notice addresses for you and us is as specified in the first paragraph of this Agreement or such other address as may be designated in the future.

D. Authority. Any modification, consent, approval, authorization, or waiver granted hereunder required to be effective by signature will be valid only if in writing executed by you or, if on behalf of us, in writing executed by our President. You must neither create nor purport to create any obligation on behalf of us, nor agree to any other term, condition, or covenant that is inconsistent with any provision of this Agreement.

E. References. If a franchisee consists of two or more individuals, such individuals will be jointly and severally liable, and references to the franchisee in this Agreement include all such individuals. Headings and captions contained herein are for convenience of reference and must not be taken into account in construing or interpreting this Agreement.

F. Principal Operator; Personal Guarantors. The Principal Operator must be identified on the Ownership Addendum attached as Appendix F to this Agreement and must sign the attached undertaking and guarantee as a Personal Guarantor. In addition, any person or entity that is an owner of 5% or more of Franchisee, or at any time becomes an owner of a minority interest of Franchisee, is a Personal Guarantor and must execute the form of undertaking and guarantee attached to this Agreement, as a condition of becoming a Minority Operator.

G. Relationship of Parties. You are and will be considered an independent contractor with control and direction of the Business and operations, subject to the conditions and obligations established by this Agreement. No agency, employment, or fiduciary relationship is created by this Agreement. Your Business is separate and apart from any that we may operate. Neither party to this Agreement may bind the other nor make any representations tending to create apparent agency, employment, or partnership.

H. Successors/Assigns. Subject to the terms of Articles 14 and 15, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

I. Interpretation of Rights and Obligations. The following provisions will apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Applicable Law. Except to the extent governed by the United States Trademark Act of 1946, as amended (Lanham Act, 15 U.S.C. Article 1051 et seq.), this Agreement is governed by and interpreted in accordance with the laws of Michigan, except that Michigan laws relating to franchises will not apply unless the jurisdictional requirements of such laws are satisfied independently of this provision. You expressly waive any rights or protections you have or may have under any statute or law of any other state fully permitted by law. This Agreement may be deemed to be amended from time to time as may be necessary to bring any of its provisions into conformity with valid applicable laws or regulations. Subject to Article 13, any cause of action, claim, suit, or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties may be brought in any of the below courts:

a. Federal District Court in the then current county of our national headquarters, regardless of whether the lawsuit is brought by us or against us, and both parties hereto irrevocably admit themselves to, and consent to, the personal jurisdiction of said court; or

b. If neither federal question nor diversity jurisdiction exists, then in the State Courts of our then current National Headquarters, regardless of whether the lawsuit is brought by us or against us, and both parties hereto irrevocably admit themselves to, and consent to, the personal jurisdiction of said courts, or

c. In any court of competent jurisdiction that is in your county or state, if the lawsuit is against you.

Both parties hereto irrevocably admit themselves to, and consent to, the exclusive jurisdiction of said courts. The provisions of this Article will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this Article, and with a complete understanding thereof, agree to be bound in the manner set forth.

2. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute, and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

3. Our Reasonable Business Judgment. Whenever we reserve or are deemed to have reserved discretion in a particular area or where we agree or are deemed to be required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. A decision or action by us will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of us. Examples of items that will promote or benefit the System include enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing, or encouraging modernization, and improving the competitive position of the System.

J. JURY WAIVER. THE PARTIES (AND THEIR RESPECTIVE OWNERS AND PERSONAL GUARANTORS, IF APPLICABLE) HEREBY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN CONNECTION WITH THE ENFORCEMENT OR INTERPRETATION BY JUDICIAL PROCESS OF ANY PROVISION OF THIS AGREEMENT, AND IN CONNECTION WITH ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD,

MISREPRESENTATION OR SIMILAR CAUSES OF ACTION OR ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES FOR BREACH OF THIS AGREEMENT.

K. WAIVER OF PUNITIVE DAMAGES. THE PARTIES (AND THEIR RESPECTIVE OWNERS AND PERSONAL GUARANTORS, IF APPLICABLE) HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT.

L. Acts Beyond Control of Parties. In the event of any failure of performance of this Agreement according to its terms by any party, the same will not be deemed a breach of this Agreement if it arose from a cause beyond the control of and without the negligence of the party. Such causes include strikes, wars, riots, and acts of government except as may be specifically provided for elsewhere in this Agreement.

M. Notice of Potential Franchisor Profit. We hereby advise you that we or our affiliates may from time to time make available to you products or services for use in the Business on the sale of which we or our affiliates may make a profit. You agree that you will pay the then-current price in effect for any such goods, products, and services. We further advise you that we or our affiliates may from time to time receive consideration from Vendors in respect to Approved Supplies and other products or services you may use in the Business or in consideration of services rendered or rights licensed to such persons. You agree that we or our affiliates are entitled to said profits or consideration.

N. Effective Date. This Agreement is deemed made when accepted by us at our headquarters and signed by our President.

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement on the date first noted above.

FRANCHISOR: RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By: _____ Effective Date: _____
Its: _____

FRANCHISEE: _____

By: _____
Its: _____

ATTACHMENT A

PERSONAL GUARANTEE AND AGREEMENT TO BE BOUND

PERSONALLY, BY THE TERMS AND CONDITIONS

OF THE FRANCHISE AGREEMENT

In consideration of the execution of this Franchise Agreement by us, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in this Franchise Agreement, to be paid, kept and performed by the franchisee, including without limitation the dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each condition and term contained in this Franchise Agreement and agree that this Personal Guarantee should be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of this Franchise Agreement.

The undersigned waives: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against the franchisee or any other person as a condition of liability.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the franchisee or any other person; and (2) such liability will not be diminished, relieved or otherwise affected by the franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned.

It is further understood and agreed by the undersigned that the provisions, covenants, and conditions of this Guarantee will inure to the benefit of the successors and assigns of us.

PERSONAL GUARANTORS

_____	_____
Individually	Individually
_____	_____
Address	Address
_____	_____
City State Zip Code	City State Zip Code
_____	_____
Telephone	Telephone

Appendix A to the Franchise Agreement

Data Sheet

1. **Franchisee's Approved Service Lines (check all that apply):**

□ Electronic Services
□ Art Services
□ Document Services
□ Textile Services

2. **Initial Franchise Fee:** $_____

3. **Turn-Key Business Package Fee:** $_____

4. **Technology Fee (as of Effective Date, subject to increase):** $_____ (per week)

Appendix B to the Franchise Agreement

Primary Area of Responsibility ("PAR")

FRANCHISED LOCATION

The PAR, as stated in Article 2 of the Franchise Agreement includes the following zip-codes, and as located on the attached map.

PAR

<zip1>	<zip2>	<zip3>	<zip4>	<zip5>

This is to confirm your acknowledgement and understanding that zip codes and/or their boundaries change periodically, and in the event of a future change, we will use our best efforts to ensure your PAR comprises approximately the same population in approximately the same geographic location.

FRANCHISOR: RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By: _____ Date: _____
Its: _____

FRANCHISEE: _____

By: _____ Date: _____
Its: _____

Assignment of Telephone Numbers

Date: _____

This assignment is effective as of the date of termination of the Franchise Agreement entered into between Restoration Specialties Franchise Group, LLC ("us") and _____ ("you"). You hereby irrevocably assign to us or our designee the telephone number or numbers and listings issued to you with respect to each and all your Franchised Businesses, including employee cellular telephone numbers that have been used in connection with Franchised Businesses in any respect ("telephone numbers"). This assignment is for collateral purposes only and we have no liability or obligation of any kind whatsoever arising from this assignment, unless we desire to take possession and control over the telephone numbers.

We hereby are authorized and empowered upon termination of the Franchise Agreement and without any further notice to you to notify the telephone company, as well as any other company that publishes telephone directories ("telephone companies"), to transfer the telephone numbers to us or such other person or entity as we designate. You hereby grant to us an irrevocable power of attorney and appoint us as your attorney-in-fact to take any necessary actions to assign the telephone numbers, including but not limited to, executing any forms that the telephone companies may require to effectuate the assignment. This assignment is also for the benefit of the telephone companies, and the telephone companies may accept this assignment and our instructions as conclusive evidence of our rights in the telephone numbers and our authority to direct the amendment, termination, or transfer of the telephone numbers, as if they had originally been issued to us. In addition, Franchisee agrees to hold the telephone companies harmless from any and all claims against them arising out of any actions or instructions by Restoration Specialties Franchise Group, LLC regarding the telephone numbers.

FRANCHISOR: RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By: _____ Date: _____
Its: _____

FRANCHISEE: _____

By: _____ Date: _____
Its: _____

Appendix D to the Franchise Agreement

Assignment of Domain Name, E-Mail Address, Online Listings and Social Media Accounts

Date: _____

This assignment is effective as of the date of termination of the Franchise Agreement entered into between Restoration Specialties Franchise Group, LLC ("we" or "us") and _____ ("you" or "franchisee"). You hereby irrevocably assign to us or our designee the domain names, e-mail addresses, online listings, and/or Social Media accounts (collectively the "Web Listings") with respect to each and all your Franchised Businesses. You agree to pay all amounts, whether due and payable or not, that any domain name registry ("Registry") or Internet Service Provider ("ISP") may require in connection with such transfer. This assignment is for collateral purposes only and we have no liability or obligation of any kind whatsoever arising from this assignment, unless we desire to take possession and control over the domain names and e-mail addresses.

We are hereby authorized and empowered upon termination of the Franchise Agreement and without any further notice to you to notify the Registry and the ISP to transfer or terminate (as we designate) the Web Listings to us or such other person or firm as is designated by us. In furtherance thereof, you hereby grant an irrevocable power of attorney to us and appoint us as your attorney-in-fact to take any necessary actions to assign the Web Listings, including but not limited to, executing any forms that the Registry and the ISP may require to effectuate the assignment. This assignment is also for the benefit of the Registry and the ISP, and the Registry and the ISP may accept this assignment and our instructions as conclusive evidence of our rights in the Web Listings and our authority to direct the amendment, termination, or transfer of the Web Listings, as if they had originally been issued to us. In addition, you agree to hold the Registry and the ISP harmless from all claims against them arising out of any actions or instructions by us regarding the Web Listings.

YOU:	WE:
(Print Name)	RESTORATION SPECIALTIES FRANCHISE GROUP, LLC
_____ (Your Signature)	By: _____
Company Name:	Its: _____
By: _____ (Your Signature)	
Its: _____ (Your Position)	

Appendix E to the Franchise Agreement

Promissory Note

Date: _____ Principal: $_____

FOR VALUE RECEIVED, **[Franchise Owner]** ("Franchisee"), a _____ with an address of **[address], [city], [state], [zip]**, unconditionally promises to pay Restoration Specialties Franchise Group, LLC ("RSFG"), located at 12001 Levan Road, Livonia, MI 48150 the principal sum of **$[principal]** ("Principal"). There is no interest if the Principal is paid in full within 30 days of execution of this Promissory Note. However, if the Principal is not paid within ____ days of the date of this Promissory Note then interest will be due on the unpaid principal balance, at the rate of 9.9% percent per annum.

Principal and interest shall be payable in one lump sum to RSFG or its designees and is due at least one month before Franchisee (or Franchisee's representative) attends Initial Training, or four months from the date of this Promissory Note, whichever event occurs first.

All payments under this Promissory Note shall be in lawful money of the United States. In no event shall the interest and other charges in the nature of interest, if any, exceed the maximum amount of interest permitted by law. Any amount collected in excess of the maximum legal rate shall be applied to reduce the principal balance. All payments under this Promissory Note shall be applied first to interest, if any, and the balance to Principal.

If Franchisee fails to pay the Principal owed under this Promissory Note for 10 days after the same becomes due, then Franchisee will be in default of this Promissory Note. If Franchisee is in default of this Promissory Note RSFG may, at its option, declare this Promissory Note to be immediately due and payable, together with all accrued interest and any other charges, without notice or demand, whereupon this Promissory Note will be immediately due and payable in full. This Promissory Note will also become automatically due and payable (including accrued unpaid interest) without notice or demand should a petition be filed by or against Franchisee under the United States Bankruptcy Code or any other law relating to insolvency, reorganization, receivership, or relief of debtors or should a trustee, receiver or similar officer be appointed for Franchisee or for Franchisee's property. If this Promissory Note is not paid on the due date or any event occurs that would entitle RSFG to declare this Promissory Note to be immediately due and payable, RSFG will have the right to set off the indebtedness evidenced by this Promissory Note against any indebtedness of RSFG or its subsidiary to Franchisee. Franchisee agrees to pay all costs of collection incurred by RSFG, including but not limited to, attorneys' fees and legal expenses, if this Promissory Note is not paid when due whether suit is commenced or not, including but not limited to, costs and expenses in collection, litigation, bankruptcy, or insolvency proceedings.

This Promissory Note may be prepaid at any time, in whole or in part, without penalty or premium.

Franchisee expressly waives presentment, demand, notice, protest, and all other demands and notices in connection with this Promissory Note. No renewal or extension of this Promissory Note, nor release of any collateral or party liable hereunder, will release the liability of Franchisee.

Should the undersigned transfer or assign their franchise rights to a third party prior to the pay-off of this Promissory Note, said Promissory Note must be paid in full before RSFG will approve such transfer or assignment.

Failure of RSFG to exercise any right or option shall not constitute a waiver, nor shall it be a bar to the exercise of any right or option at any future time. If any provision of this Promissory Note shall be invalid or unenforceable, the remaining provisions shall remain in full force and effect. This Promissory Note shall be governed by the laws of Michigan.

Franchisee confirms that the proceeds of this Promissory Note will be used for the business purpose of starting up the Franchised Business under license from RSFG.

As evidenced by the attached Personal Guaranty this Promissory Note is personally guaranteed by _____.

IN WITNESS WHEREOF, this Promissory Note is executed under seal on the day and year first above written.

Franchisee: _____

By: _____ By: _____

[Franchise Owner Name] [Franchise Owner Name]

ATTACHMENT B

PERSONAL GUARANTEE AND AGREEMENT TO BE BOUND

PERSONALLY, BY THE TERMS AND CONDITIONS

OF THE PROMISSORY NOTE

In consideration of the execution of the Promissory Note by RSFG, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually, and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms, and conditions in the Promissory Note, to be paid, kept, and performed by the Franchisee.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Promissory Note and agree that this Personal Guarantee should be construed as though the undersigned and each of them executed a Promissory Note containing the identical terms and conditions of the Promissory Note.

The undersigned waives: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against the franchisee or any other person as a condition of liability.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the franchisee or any other person; and (2) such liability will not be diminished, relieved or otherwise affected by the franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Promissory Note, or the amendment or extension of the Promissory Note with or without notice to the undersigned.

It is further understood and agreed by the undersigned that the provisions, covenants, and conditions of this Guarantee will inure to the benefit of the successors and assigns of RSFG.

PERSONAL GUARANTORS

_____	_____
Individually	Individually
_____	_____
Address	Address
_____	_____
City State Zip Code	City State Zip Code
_____	_____
Telephone	Telephone

Appendix F to the Franchise Agreement

Electronic Transfer of Funds Authorization

Franchisee: _____

Location: _____

Date: _____

NEW	CHANGE

Attention: Bookkeeping Department

The undersigned hereby authorizes Restoration Specialties Franchise Group, LLC, or any affiliated entity (collectively, "RSFG"), to initiate weekly ACH debit entries against the account of the undersigned with you in payment of amounts for Royalty Fees, Marketing Fund Fees or other amounts that become payable by the undersigned to RSFG. The dollar amount to be debited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by RSFG.

This authorization is binding and will remain in full force and effect until 90 days prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization.

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries.

*** We also need a VOIDED Check ***

Sincerely yours,

_____
Account Name

_____
Bank Name

_____
Street Address

_____
Branch

_____
City State Zip Code

_____
Street Address

_____
Telephone Number

_____
City State Zip Code

By _____

_____
Bank Telephone Number

Its _____

_____
Bank's Account Number

Date _____

_____
Customer's Account Number

Appendix G to the Franchise Agreement

Operator Addendum

1. Principal Operator and Minority Operators. You represent and warrant to us that the following person(s) and entities, and only the following person(s) and entities, shall be the Principal Operator and Minority Operators of the franchise:

NAME	HOME ADDRESS	PERCENTAGE OF INTEREST

2. Change. You shall immediately notify us in writing of any change in the information contained in this Addendum and, at our request, prepare and sign a new Addendum containing the correct information.

3. Effective Date. This Addendum is effective as of this ____ day of _____, 20___.

FRANCHISOR: RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By: _____ Date: _____
Its: _____

FRANCHISEE: _____

By: _____ Date: _____
Its: _____

Appendix H to the Franchise Agreement

ADD-ON SERVICES ADDENDUM TO THE RSFG FRANCHISE AGREEMENT

□ Electronic Services

□ Art Services

□ Document Services

□ Textile Services

This addendum (the "Addendum") to the RSFG Franchise Agreement is made and entered into this ____ day of _____, 20__, by and between Restoration Specialties Franchise Group, LLC ("Franchisor," "we," "us" or "our"), and _____, a[n] [individual/[STATE] corporation/[STATE] limited liability company] with an address at _____ ("Franchisee"); and (iii) _____, [each] an individual with an address at _____ ("Guarantor").

BACKGROUND

A. Franchisor is the national franchisor of businesses offering one or more of the following Service Lines: (a) Art Restoration Services offering for sale services and related products for the recovery, repair and restoration of artwork and collectables, including paintings, frames, works on paper, photographs, sculptures, murals, mosaics, decorative arts, and other similar collectables for both residential and commercial consumers using state-of-the-art fire and disaster recovery technologies (collectively, the "Art Approved Services" or "Art Services"); and/or (b) Electronic Restoration Services offering for sale services and related products for the recovery, repair and restoration of electronic equipment and data for both residential and commercial consumers using state-of-the-art fire and disaster recovery technologies (collectively, the "Electronic Approved Services" or "Electronic Services"); and/or (c) Textile Restoration Services offering for sale services and related products for the recovery, repair and restoration of fabric, clothing and textiles using state-of-the-art fire and disaster recovery technologies (collectively, the "Textile Approved Services" or "Textile Services"); each a ("Service Line" and collectively, the "Service Lines");

We may, in our sole and absolute discretion, also permit you to offer document restoration services along with one or more of the Primary Service Lines in connection with the operation of the Franchised Business in your PAR if you meet our eligibility criteria (which may change over time), satisfy designated operational standards and you comply with our designated standards and specifications. If we authorize you to offer document restoration services, you will offer for sale services and related products for the recovery, repair and restoration of documents using state-of-the-art restoration technologies (collectively, the "Document Approved Services" or "Document Services").

B. On or around [DATE]**,** Franchisee and Franchisor entered into a franchise agreement (the "Franchise Agreement") pursuant to which Franchisee obtained the right and undertook the obligation to operate a Franchised Business offering and providing the Service Lines designated in Appendix A to the Franchise Agreement (the "Franchised Business") within a defined geographical area as more specifically defined in the Franchise Agreement (the "PAR").

C. Franchisee has expressed a desire to provide one or more additional Service Lines, as set forth more specifically in this Addendum (the "Add-On Service Line(s)"), and, at Franchisee's request,

Franchisor has agreed to permit Franchisee to offer the Add-On Service Line(s) in accordance with the terms of this Addendum.

NOW THEREFORE, in consideration of the mutual agreements, covenants and promises contained in this Addendum and for mutual consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. **Background; Definitions.**

a. The parties agree and acknowledge that the Background portion of this Addendum, including all definitions and provisions set forth therein, is hereby incorporated by reference as if fully set forth in this Section.

b. For purposes of this Addendum, if a capitalized term in this Addendum is not specifically defined herein, that term will be given the same definition that the term is afforded in the Franchise Agreement.

2. **Add-On Services**. Subject to the terms and conditions of this Addendum, Franchisor hereby agrees that Franchisee may provide the below selected Add-On Services in addition to those Approved Service Lines identified on Appendix A to the Franchise Agreement: (check all that apply)

□ Electronic Services

□ Art Services

□ Document Services

□ Textile Services

3. **Approved Service Lines.** Franchisee hereby agrees to provide the Add-On Service Line(s) in connection with the operation of the Franchised Business in the PAR in accordance with the terms and conditions of the Franchise Agreement. The "Approved Service Lines", as defined in the Franchise Agreement, is hereby amended to include the Add-On Service Line(s).

4. **Initial Franchise Fee**. In consideration of the rights granted to Franchisee under this Addendum, Franchisee shall pay to Franchisor an Initial Franchise Fee in the amount of $_____ immediately upon execution of this Addendum, which fee shall be deemed fully earned and non-refundable upon payment.

5. **Turn-Key Business Package Fee.** Franchisee shall pay to Franchisor an additional Turn-Key Business Package Fee in the amount of $_____ immediately upon execution of this Addendum, which fee shall be deemed fully earned and non-refundable upon payment.

6. **Additional Training; Licenses and Permits**. Prior to offering the Add-On Service Line(s), Franchisee must: (a) attend and complete, to Franchisor's satisfaction, and at Franchisee's sole cost and expense, any and all additional training programs Franchisor designates for the Add-On Service Line within the time frames designated by Franchisor; and (b) obtain and maintain (throughout the term of the Franchise Agreement) all required licenses, permits and approvals to offer and provide the Add-On Service Line(s) in connection with the operation of the Franchised Business in the PAR.

7. **Minimum Royalty Requirement**. The following supersedes the Minimum Royalty Requirement provisions of your Franchise Agreement:

Following your first full year of operation of a Franchised Business, each month during the term of this Agreement, you must pay us a minimum monthly royalty fee (the "Minimum Monthly Royalty"). The Minimum Monthly Royalty is based on years of operation, the number of Service Lines that you operate, and is per PAR, as outlined in the table below.

Years in business	Minimum Monthly Royalty per PAR		
	Single Service Line	Two Service Lines	Three Service Lines
Year 1	No Minimum	No Minimum	No Minimum
Year 2	$1,050	$1,575	$2,100
Year 3	$1,275	$1,913	$2,550
Year 4	$1,425	$2,138	$2,850
Years 5 or more	$1,650	$2,475	$3,300

Should you not meet the Minimum Monthly Royalty, then we may charge you a fee for the difference (the "Shortfall"). For example, if the Minimum Monthly Royalty is $1,425 in a month, and you paid royalty of $1,000, then the minimum royalty fee would be $425 ($1,425-$1,000).

In addition, should we assess a Shortfall for three or more months in a twelve-month period, then we may also elect to establish another franchisee or affiliate in your PAR and/or allow another franchisee or an affiliate to advertise and service customers located inside your PAR.

The Minimum Monthly Royalty applicable to the Business you operate may vary from the performance standards applicable to other RSFG Franchised Businesses due to geographic area and other variables. We reserve the right to adjust the Minimum Monthly Royalty requirement for oversized PARs. We may revise this to account for previous years of experience in any Service Lines that you were previously approved to service.

Failure to pay the Minimum Monthly Royalty constitutes a default under the Franchise Agreement. We will not modify your PAR if you fail to pay the Minimum Monthly Royalty or based upon any other contingency. If you fail to cure any Minimum Monthly Royalty default by paying the Minimum Monthly Royalty within 30 days, we may terminate the Franchise Agreement.

8. **Release by Franchisee**. Franchisee and Guarantor, for themselves and all persons and entities claiming by, through, or under them, hereby release, acquit and forever discharge Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, parents, affiliates, subsidiaries, franchisees, successors, and assigns (the "Franchisor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which they, by themselves, on behalf of, or in conjunction with any other person, persons, partnership or corporation, has, had or claims to have against the Franchisor Releasees as of the date of this Agreement, including those arising out of or related to the offer or sale of the Franchised Business or Franchise Agreement or the operation of the Franchised Business, as well as the parties' rights or obligations under the Franchise Agreement and any other agreement with the Franchisor Releasees. Franchisee and Guarantor represent and warrant that it has not assigned any of the claims released by this Agreement. Franchisee and Guarantor further represents and warrants that it will not initiate or assist or cooperate with any third party in connection with, an action or other proceeding against any Franchisor Releasees in connection with the claims released in this Section.

9. **Construction of Language.** The language of this Addendum will be construed according to its fair meaning, and not strictly for or against either party. The parties have had a reasonable opportunity to review this Addendum. In the event of an ambiguity or if a question of intent or interpretation arises, this Addendum shall be construed as if drafted jointly by all of the parties, and no presumptions or burdens of proof shall arise in favor of any party by virtue of the authorship of any of the provisions of this Addendum. Headings are for reference purposes and do not control interpretation.

10. **Multiple Copies or Counterparts of Agreement**. The original and one or more copies of this Addendum may be executed by one or more of the parties hereto. In such event, all of such executed copies shall have the same force and effect as the executed original and all of such counterparts taken together shall have the effect of a fully executed original.

11. **Entire Agreement.** The Franchise Agreement and this Addendum constitute the entire, full, and complete agreement between the parties with respect to the subject matter contained herein and supersede any and all prior agreements. In the event of a conflict between the terms of the Franchise Agreement and this Addendum, the terms of this Addendum shall control. Except as amended by this Addendum, all the other terms and conditions of the Franchise Agreement are hereby ratified and confirmed, including the provisions related to governing law, attorneys' fees and costs, venue, and dispute resolution, all of which will also apply to any claims, causes of action or disputes arising out of or related to this Addendum.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have duly executed and delivered this Addendum on the date first written above.

FRANCHISOR:
RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By: _____

FRANCHISEE
[NAME]

By: _____
Name: _____
Title: _____

GUARANTORS

_____
[NAME], Individually

PRE-CLOSING COMPLIANCE ACKNOWLEDGMENT

As you know, you and we are entering into a Franchise Agreement for the operation of a franchised business offering one or more Service Lines (as defined in the Franchise Agreement). The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of the Business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations. *

1. Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least (a) 14 calendar days prior to signing the Franchise Agreement; **or** (b) if you are a resident of **New York**, at the earlier of the first personal meeting or 10 business days before the execution of the Franchise Agreement (or other agreement) or payment of any consideration; **or** (c) if you are a resident of **Michigan, or Iowa**, at the earlier of 10 business days before the execution of any binding agreement or payment of any consideration? Check one: (_) Yes (_) No. If no, please comment: _____

2. Have you studied and carefully reviewed our Disclosure Document and Franchise Agreement? Check one: (_) Yes (_) No. If no, please comment: _____

3. If the franchisor made any unilateral changes to the Franchise Agreement, did you receive a copy of the complete revised agreement at least 7 calendar days prior to the date on which the applicable agreement was executed? Check one: (_) Not Applicable (_) Yes. (_) No. If no, please comment:

4. Did you understand all the information contained in both the Disclosure Document and Franchise Agreement? Check one (_) Yes (_) No. If no, please comment: _____

5. Was any oral, written, or visual claim or representation made to you which contradicted the disclosures in the Disclosure Document? Check one: (_) No (_) Yes. If yes, please state in detail the oral, written, or visual claim or representation: _____

6. Except as stated in Item 19 of the Disclosure Document, did any employee or other person speaking on behalf of Restoration Specialties Franchise Group, LLC make any oral, written, or visual claim, statement, promise or representation to you that stated, suggested, predicted, or projected sales, revenues, expenses, earnings, income, or profit levels at any Franchised Business location or business, or the likelihood of success at your franchised Business? Check one: (_) No (_) Yes. If yes, please state in detail the oral, written, or visual claim or representation: _____

7. Did any employee or other person speaking on behalf of Restoration Specialties Franchise Group, LLC make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document. Check one: (__) No (__) Yes. If yes, please comment: _____

8. Do you understand that the Franchise Agreement grants you the right to operate a Franchised Business offering the Approved Service Lines using the Trademarks for such Approved Service Lines in a specified geographic area, and that we and our affiliates reserve any and all rights not expressly granted to you under the Franchise Agreement, as detailed and disclosed in Item 12 of the Disclosure Document. Check one: (__) Yes (__) No. If no, please comment:

_____

_____

9. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Business, meaning that any prior oral or written statements not set out in the applicable agreement or in the disclosure document will not be binding? Check one: (__) Yes (__) No. If no, please comment: _____

_____

10. Do you understand that the success or failure of the Business will depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the Trademarks, interest rates, the economy, weather patterns, inflation, the number of employees you hire and their compensation, competition, and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you commence operations of the Business may change? Check one (__) Yes (__) No. If no, please comment:_____

_____

11. Do you understand that you are likely to achieve results that are different, possibly significantly and adversely, from the results shown in Item 19. Many factors, including location of your Franchised Business and PAR, customers located within the PAR, management capabilities, local market conditions, weather, and other factors, are unique to each Franchised Business and may significantly impact the financial performance of the business you operate? Check one (__) Yes (__) No. If no, please comment:___

_____

12. Do you understand that during the term of the Franchise Agreement and for 2 years after it expires or terminates, you (including all Principal Operators, your Designated Manager and all guarantors, officers, directors, members, managers, and partners) may not, directly, or indirectly, have or maintain any interest in any business selling products or services similar to the Products and Services sold by a Franchised Business? Check one (__) Yes (__) No. If no, please comment:

_____

_____

13. Do you understand that any training, support, guidance or tools we provided to you as part of the franchise are for the purpose of protecting the System, and brand and Trademarks and to assist you in the operation of your business and not for the purpose of controlling or in any way intended to exercise or exert control over you decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters? Check one (__) Yes (__) No. If no, please comment:_____

_____

14. Do you understand that we do not make any promises or representations of any kind that you will achieve any particular results or level of performance or profitability or even achieve break-even results in any particular year of operation?

    Check one (__) Yes (__) No. If no, please comment:_____

    _____

15. On the receipt pages of your disclosure document you identified Nancy Haverty and _____ as the franchise seller(s) involved in this franchise sales process. Are the franchise sellers identified above the only franchise sellers involved with this transaction? Check one (__) Yes (__) No. If no, please identify any additional franchise sellers involved with this transaction: _____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed _____

Print Name: _____

Date: _____

Signed _____

Print Name: _____

Date: _____

APPROVED on behalf of Restoration Specialties Franchise Group, LLC

Signed _____

Print Name: _____

Date: _____

*Such representations are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or the Maryland Franchise Registration and Disclosure Law.

EXHIBIT D

ADD-ON SERVICES ADDENDUM TO THE RSFG FRANCHISE AGREEMENT FOR EXISTING RSFG FRANCHISEES

This addendum (the "Addendum") to the RSFG Franchise Agreement is made and entered into on [Insert date] ("Addendum Effective Date") by and between Restoration Specialties Franchise Group, LLC ("Franchisor," "we," "us" or "our"), and [Company Name], a [State] [Corporation or LLC] with an address [Address] ("Franchisee"); and (iii) [Franchisee Name], an individual with an address at [Franchisee] ("Guarantor").

BACKGROUND

D. Franchisor is the national franchisor of businesses offering one or more of the following Service Lines: (a) Art Restoration Services offering for sale services and related products for the recovery, repair and restoration of artwork and collectables, including paintings, frames, works on paper, photographs, sculptures, murals, mosaics, decorative arts, and other similar collectables for both residential and commercial consumers using state-of-the-art fire and disaster recovery technologies (collectively, the "Art Approved Services" or "Art Services"); and/or (b) Electronic Restoration Services offering for sale services and related products for the recovery, repair and restoration of electronic equipment and data for both residential and commercial consumers using state-of-the-art fire and disaster recovery technologies (collectively, the "Electronic Approved Services" or "Electronic Services"); and/or (c) Textile Restoration Services offering for sale services and related products for the recovery, repair and restoration of fabric, clothing and textiles using state-of-the-art fire and disaster recovery technologies (collectively, the "Textile Approved Services" or "Textile Services"); each a ("Service Line" and collectively, the "Service Lines");

We may, in our sole and absolute discretion, also permit you to offer document restoration services along with one or more of the Primary Service Lines in connection with the operation of the Franchised Business in your PAR if you meet our eligibility criteria which may change over time), satisfy designated operational standards and you comply with our designated standards and specifications. If we authorize you to offer document restoration services, you will offer for sale and provide services and related products for the recovery, repair and restoration of documents using state-of-the-art restoration technologies (collectively, the "Document Approved Services" or "Document Services").

E. On or around [Date], Franchisee and Franchisor entered into a franchise agreement (the "Franchise Agreement") pursuant to which Franchisee obtained the right and undertook the obligation to operate a Franchised Business offering and providing [XX Restoration] (the "Franchised Business") within a defined geographical area as more specifically defined in the Franchise Agreement (the "PAR").

F. Franchisee has expressed a desire to provide one or more additional Service Lines, as set forth more specifically in this Addendum (the "Add-On Service Line(s)"), and, at Franchisee's request, Franchisor has agreed to permit Franchisee to offer, sell and provide the Add-On Service Line(s) in accordance with the terms of this Addendum.

NOW THEREFORE, in consideration of the mutual agreements, covenants and promises contained in this Addendum and for mutual consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. **Background; Definitions.**

a. The parties agree and acknowledge that the Background portion of this Addendum, including all definitions and provisions set forth therein, is hereby incorporated by reference as if fully set forth in this Section.

b. For purposes of this Addendum, if a capitalized term in this Addendum is not specifically defined herein, that term will be given the same definition that the term is afforded in the Franchise Agreement.

2. **Add-On Services**. Subject to the terms and conditions of this Addendum, Franchisor hereby agrees that Franchisee may provide the below selected add-on services in addition to those Approved Service Lines identified in Article 2 of the Franchise Agreement: (check all that apply)

___ Document Services ____ Textile Services ____ Art Services _____Electronic Services

3. **Approved Service Lines.** Franchisee hereby agrees to provide the add-on service line(s)selected in paragraph 2 above (each an "Add-on Service Line" and collectively, the "Add-On Service Lines") in connection with the operation of the Franchised Business in the PAR in accordance with the terms and conditions of the Franchise Agreement. The services Franchisee is permitted perform under the Franchise Agreement, are hereby amended to include the Add-On Service Line(s) (collectively, the "Approved Service Lines").

4. **Initial Franchise Fee**. In consideration of the rights granted to Franchisee under this Addendum, Franchisee shall pay to Franchisor an Initial Franchise Fee in the amount of $[ ] immediately upon execution of this Addendum, which fee shall be deemed fully earned and non-refundable upon payment.

5. **Turn-Key Business Package.** When you sign this Agreement, you must pay to us or one of our affiliates, which may include ERS Depot, Inc., as we designate, the Turn-Key Business Package Fee in the amount of $_____. The Turn-Key Business Package contains various products and equipment necessary for you to commence business operations for the Add-On Service Lines, and depending on the package purchase, may include marketing supplies, software, equipment, and tools necessary to perform the Add-On Service Lines, all of which we may periodically change. The materials that are included in our Turn-Key Business Package may be shipped F.O.B. from our approved suppliers. The costs you incur for the Turn-Key Business Package are non-refundable.

[Documents] Turn-Key Business Package If the Add-On Service Line is for Document Services only, unless we designate otherwise, there is no Turn-Key Business Package purchase requirement. However, you understand that you will be required to purchase certain supplies to operate the Document Services. Such supplies must be purchased within three months of signing this Addendum. The most current list of required supplies is listed in the Manuals, and upon request can be obtained in writing prior to signing this Addendum.

6. **Royalty, National Marketing Fund, and other Fees**. In addition to any other fees due under the Franchise Agreement, you agree that during the term of the Franchise Agreement and in consideration of the rights granted to you, you must pay to us weekly (a) a Royalty Fee equal to 7% of Gross Sales of the Business, and (b) a Marketing Fund Fee equal to 2% of Gross Sales of the Business. You acknowledge and agree that the term Gross Sales includes, without limitation, any and all revenues generated in connection with the Add-On Service Lines in addition to all other revenues generated in connection with the operation of the Franchised Business. You also agree to pay the then-current Technology Fee, as we designate, which, as of the Addendum Effective Date is currently [$XX] per week.

We reserve the right to change the Technology Fee effective on notice to you and you are obligated to comply with all such changes. [You are also required to purchase and use iCAT.]

7. **[Documents only] Services Performed.** Your Business will offer the Document Services, primarily for Service Level 1 claims. You may not offer for services above the Service Level that you have been approved to offer. Service Levels are set by the complexity and scope of the restoration to be performed (collectively referred to as "Service Levels"). You may not offer for services above the Service Level that you have been approved to offer. All Franchisees are automatically approved to perform Service Level 1 claims after their successful completion of Initial Training for the Service Lines they are approved to service.

For any Document Restoration claims above the Service Level for which you have been approved, you must contact us for approval prior to servicing the claim. We may approve you to service the claim with or without assistance. Considerations for approval include items such as staffing levels, available equipment, experience, and your financial qualifications. We also may require that you complete additional training for more complex jobs. Considerations for approval to additional Service Levels will be available in our Operations Manual and may be periodically updated.

You must refer all jobs for Service Lines or Service Levels that you are not approved to do, to us, and we may assign the job to either our Affiliate or another System Franchisee who is approved to perform those Service Lines or Service Levels. We will assign to you any jobs that we receive for service in your PAR for the Service Lines and Service Levels that you are approved to service. We, our Affiliates and/or another System franchisee may perform a job in your PAR if the job is at a Service Level that you have not yet been qualified to perform, or a Service Line you have not been approved to perform, provided that the location performing the work has been qualified to perform jobs of that Service Level and / or Service. For example, if you have not been qualified to do Service Level 2, but another Franchise is qualified, then they could complete the job in your PAR, but if you were also qualified to do Service Level 2 jobs, then the job would be assigned to you. Additionally, we, our affiliates and/or other System franchisees may perform a job in your PAR if you decline a job.

If there is more than one location approved to perform Document Services in a PAR, at the Service Level required for the claim, then we will assign the job to the location closest to the claim. Alternatively, we may elect to assign the claim in a round-robin manner. However, if you are approved to offer Document Services at that Service Level, and you receive the call directly, you may service the Document Restoration claim.

8. **[Documents only] Rights Granted.** This grant of rights to offer Documents Services is non-exclusive, and Franchisee acknowledges and agrees that RSFG and/or its affiliates may allow other franchisees, affiliates and/ or third-party providers the right to establish, operate, conduct sales and marketing activities, and perform Document Services in your PAR without providing you with any rights or compensation. Notwithstanding, this does not in any way change your contractually protected right to offer [LIST] services in your Territory as set forth more fully in the Franchise Agreement.

9. **Additional Training; Licenses and Permits**. Prior to offering the Add-On Service Line(s), and within 60 days of the Effective Date of this Agreement, Franchisee must: (a) attend and complete, to Franchisor's satisfaction, and at Franchisee's sole cost and expense, any and all additional training programs Franchisor designates for the Add-On Service Line; and (b) obtain and maintain (throughout the term of the Franchise Agreement) all required licenses, permits and approvals to offer and provide the Add-On Service Line(s) in connection with the operation of the Franchised Business in the PAR.

10. **Minimum Royalty Requirement.** *The following supersedes and replaces the Minimum Royalty Requirement in your current Franchise Agreement.*

To meet our goals for market penetration and for the growth of the System, you agree to be bound by the minimum monthly royalty requirement ("Minimum Monthly Royalty") as set forth below. The Minimum Monthly Royalty will be established for each year of the term of the Franchise Agreement following your first year of operation. You understand that meeting the Minimum Monthly Royalty does not suggest that you are sufficiently penetrating the market in the PAR or that the Business will be successful. Rather, the Minimum Monthly Royalty are threshold minimum amounts.

Your rights under the Franchise Agreement are conditioned upon your active and continuous development of the Business in the PAR. The Minimum Monthly Royalty is based on market potential and market share for your PAR, the growth rate of other businesses offering services that are the same as or similar to the Approved Service Lines, and other relevant factors.

You must pay us a minimum monthly royalty fee. The Minimum Monthly Royalty is based on years of operation, the number of Service Lines that you operate, and is per PAR, as outlined in the table below.

Minimum Monthly Royalty per PAR			
Years in business	**Single Service Line**	**Two Service Lines**	**Three Service Lines**
Year 1	No Minimum	No Minimum	No Minimum
Year 2	$1,050	$1,575	$2,100
Year 3	$1,275	$1,913	$2,550
Year 4	$1,425	$2,138	$2,850
Years 5 or more	$1,650	$2,475	$3,300

Should you not meet the Minimum Monthly Royalty, then we may charge you a fee for the difference (the "Shortfall"). For example, if the Minimum Monthly Royalty is $1,425 in a month, and you paid royalty of $1,000, then the minimum royalty fee would be $425 ($1,425-$1,000).

In addition, should we assess a Shortfall for three or more months in a twelve-month period, then we may also elect to establish another System Franchisee or affiliate in your PAR and/or allow another System Franchisee or an affiliate to advertise and service customers located inside your PAR.

There is no additional Minimum Monthly Royalty requirement for the Document Service Line. If you currently operate another service line and are now adding another Service Line, we may modify the requirements, to blend the above rates based on your years in business for each service line. For example, if you were in year 5 of your first service line, year 3 of your second service line, and year 1 of your third, your current years requirement would be $2,288, calculated as follows: $1,650 (Year 5 - Single Service Line) + $638 (Year 3 Two Service Lines year 3 is $1,913, less Year 3 Single Service Line, which is $1,275) + $0 (Year 1 - Three Service Line).

The Minimum Monthly Royalty applicable to the Business you operate may vary from the performance standards applicable to other System Franchisees, including due to geographic area and other variables.

The population number is fixed on the date when the territory is purchased but may be modified should any of the following transactions occur: transfer of the Franchise Agreement, renewal of the Franchise Agreement, or if you should purchase additional territory. If there is a decline in the cumulative population in your PAR of 20% or more, you may request, and we may consider, making an adjustment in the Minimum Monthly Royalty.

Failure to pay the Minimum Monthly Royalty constitutes a default under the Franchise Agreement. Except as set forth in this paragraph, we will not modify your PAR if you fail to pay the Minimum Monthly Royalty or based upon any other contingency. If you fail to cure any Minimum Monthly Royalty default by paying

the Minimum Monthly Royalty within 30 days, we may terminate the Franchise Agreement, as noted in Article 11.A.

11. **Start Date.** You must open for Business to the public no later than four months following the Addendum Effective Date. To be approved to open, you must have (i) signed this addendum and paid all fees, (ii) completed to our satisfaction the Service Line Training program, and (iii) purchased and set-up, all required and equipment and supplies. The required list is available in the Operations Manuals. If you do not open with this time frame, at our discretion we may extend the start date or terminate this agreement.

12. **Release by Franchisee**. Franchisee and Guarantor, for themselves and all persons and entities claiming by, through, or under them, hereby release, acquit and forever discharge Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, parents, affiliates, subsidiaries, franchisees, successors, and assigns (the "Franchisor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which they, by themselves, on behalf of, or in conjunction with any other person, persons, partnership or corporation, has, had or claims to have against the Franchisor Releasees as of the date of this Agreement, including those arising out of or related to the offer or sale of the Franchised Business or Franchise Agreement or the operation of the Franchised Business, as well as the parties' rights or obligations under the Franchise Agreement and any other agreement with the Franchisor Releasees. Franchisee and Guarantor represent and warrant that it has not assigned any of the claims released by this Agreement. Franchisee and Guarantor further represents and warrants that it will not initiate or assist or cooperate with any third party in connection with, an action or other proceeding against any Franchisor Releasees in connection with the claims released in this Section.

13. **Construction of Language.** The language of this Addendum will be construed according to its fair meaning, and not strictly for or against either party. The parties have had a reasonable opportunity to review this Addendum. In the event of an ambiguity or if a question of intent or interpretation arises, this Addendum shall be construed as if drafted jointly by all of the parties, and no presumptions or burdens of proof shall arise in favor of any party by virtue of the authorship of any of the provisions of this Addendum. Headings are for reference purposes and do not control interpretation.

14. **Multiple Copies or Counterparts of Agreement**. The original and one or more copies of this Addendum may be executed by one or more of the parties hereto. In such event, all of such executed copies shall have the same force and effect as the executed original and all of such counterparts taken together shall have the effect of a fully executed original.

15. **Entire Agreement.** The Franchise Agreement and this Addendum constitute the entire, full, and complete agreement between the parties with respect to the subject matter contained herein and supersede any and all prior agreements. In the event of a conflict between the terms of the Franchise Agreement and this Addendum, the terms of this Addendum shall control. Except as amended by this Addendum, all the other terms and conditions of the Franchise Agreement are hereby ratified and confirmed, including the provisions related to governing law, attorneys' fees and costs, venue, and dispute resolution, all of which will also apply to any claims, causes of action or disputes arising out of or related to this Addendum.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have duly executed and delivered this Addendum on the date first written above.

FRANCHISOR: RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By: _____
Christopher Ring
Its: President and CEO

FRANCHISEE: [Franchisee]

By: _____
[Legal Name]
Its Authorized Representative

EXHIBIT E

List of Current Franchisees

State	Franchisee	Contact	Address	Phone	Art	Elec.	Tex.
AL	BGI Services, Inc.	Wohlers, Jim	202 Challenge Avenue Prattville, AL 36067	(888) 598-1684	2	2	1
AR	JaJo Ozark Investments, Inc.	Talley, Clay	2903 Shiloh Rd Searcy, AR 72143	(501) 254-0422		2	
AZ	CK Presents, LLC	Keppel, Scott and Cathy	17915 W University Drive., Ste. 166 Tempe, AZ 85281	(480) 454-1999	1		
CA	Titley Holdings, Inc	Titley, Andrew	8698 Thornton Ave Newark, CA 94560	(510) 775-1959	3	3	1
CO	Her Turn, LLC	Brownstein, Joni and Paul	6547 S. Racine Circle, Units 1700-1800 Centennial, CO 80111	(303) 953-8500	2		
CO	TC Restoration LLC	Jacobs, Craig & Todd Tenenbaum	10505 S Progress Way Suite 102-3 Parker, CO 80134	(303) 781-7833		2	1
CT	Twoinsync Ventures, Inc.	Kern, Ron and Cristine	108 Ledyard Street Hartford, CT 06114	(860) 952-2052	2	2	1
FL	Mareb Enterprises, LLC	Beeck, Mike	3834 Commerce Loop Orlando, FL 32808	(321) 236-5177		2	
FL	SB Cash, LLC	Cash, Steven, and Bryan	4330 28th Street, N. St. Petersburg, FL 33714	(727) 342-0848		3	1
FL	Carpenter Private Equity Holdings, LLC	Carpenter, Kevin, and Christian	*5800 France Ave, Ste 800, Jacksonville, FL 32254*	(888) 898-8377	1	1	
FL	Treasures Restored, LLC	Swett, Timothy, and Heather	6302 Benjamin Road, Suite 414 Tampa, FL 33634	(813) 513-0525	2		
GA	BGI Services, Inc.	Wohlers, Jim	5824 Peachtree Corners East, Suite C Peachtree Corners, GA 30092	(770) 696-6377	2	2	
IL	BFOI, LLC.	Birch, Bill	50 Montrose Dr. Romeoville, IL 60446	(331) 643-4111	1	1	
IL	Integrity Specialty Restoration, LLC	Libert, Jeff and Jacqueline Buckmaster-Libert	7821 Gross Point Road Skokie, IL 60077	(847) 616-5911	1	1	
IN	Indiana Recovery & Restoration, LLC	Sheedy, Jon	11730 Church Street Suite 100 Indianapolis, IN 46236	(317) 357-8950	2	2	1
KY	Kentucky Specialty Contents, LLC	Sheedy, Jon	3711 Collins Lane, Louisville, KY 40245	(502) 398-2599	1		1
KY	Pisteuo, Inc	Roberts, Ted and Pamela	10191 Bunsen Way Louisville, KY 40299	(502) 916-4990	1		
MA	Newfslobber Enterprises, Inc	Foster, Ian	398 Cedar Hill St, Unit 6 Marlborough, MA 01752	(508) 589-4188	3	3	

State	Franchisee	Contact	Address	Phone	Art	Elec.	Tex.
MD	ROK Maryland, LLC	Klatt, Ron & Susan; and Quinn Cioffi	1017 Brightseat Rd. Hyattsville, MD 20785	(301) 955-0885	3	3	1
MD	Wah, LLC	Wah, Gary	4206 Shannon Drive, Bldg. 6 Rosedale, MD 21213	(410) 616-7991	2	2	
MI	SRS Restoration, Inc	Schultz, Bob	5130 Patterson SE Suite B Grand Rapids, MI 49512	(616) 734-0585	1	1	
MN	Technical Restoration Services, Inc.	Sacco, Nick and Janessa	15400 28th Ave N Suite 300 Plymouth, MN 55447	(763) 383-9403	2	2	
MO	Mandala Restoration, Inc.	Heuckroth, Brian	2416 Centerline Industrial Drive Maryland Heights, MO 63043	(314) 983-9988	1	1	
NC	DiMill Enterprises, LLC	Milligan, Jeff, Todd Milligan, and Michael DiPaolo	1015 Classic Road Apex, NC 27539	(919) 629-2011	2	2	1
NJ	JDST Restoration, Inc.	Ciano, Stephen, Sheri, and Joseph	92 N. Main Street, Building 2 Suite C PO Box 532 Windsor, NJ 08561-0532	(609) 357-4922	5	5	1
NJ	TRJL Enterprises, Corp	McGovern, Timothy & Rosanne	17 Leslie Court Whippany, NJ 07981	(862) 259-2413	2	2	1
NY	Caraballo Enterprises, Inc	Caraballo, Deana and Peter	1361 Lincoln Avenue, Unit #4 Holbrook, NY 11741	(631) 588-2717	2		
NY	HGS Electronics Inc.	von Gehlen, Hans	77 Halstead Street Suite 4 Rochester, NY 14610	(585) 280-1111		1*	1*
NY	MGLT Inc.	Kuhlmann, Mark	100 Bond Street Westbury, NY 11590	(516) 874-3515		3	
OH	MDCH, LLC	DeLorge, David, Dana Mueller, Eric Hepner	21337 Drake Road, Strongsville, OH 44149	(330) 558-0233	2	2	
OH	RCJK, LLC	Walker, Richard and Cheryl	171 Schofield Drive Columbus, OH 43213	(614) 866-4484	2	2	1
OK	FFR, LLC	Sexton, Fred, Donovan Kosters and Troy Baker	*13500 Railway Dr., Oklahoma City, OK 73114*	405-726-1325	1	1	1
OR	Advanced Skoro Technology International, Inc	Skoro, Boris	PO Box 30897 Portland, OR 97294	(503) 254-0779	2	2	1
SC	Excellence in Electronic Restoration Services, Inc	Gibbons, Mike and Cindy Boatwright	7171 Bryhawke Circle Suite 500 North Charleston, SC 29418	(843) 501-0437	2	2	1
TX	Cesani Enterprises, Inc.	Mercado, Caesar and Ann	2300 Valley View Ln. Suite 100 Farmers Branch, TX 75234	(833) 278-6333	2		
TX	Kahoma Corp	Horton, Bruce and Liz	641 Commercial Drive, Ste 201 Buda, TX 78610	(512) 991-1931	2		

State	Franchisee	Contact	Address	Phone	Art	Elec.	Tex.
TX	Kinney Solutions Houston LLC	Kinney, Mike	10540 Bissonnet St, Suite 150 Houston, TX 77099	(713) 543-8750		7	1
TX	Ramage Enterprises, Inc.	Ramage, Ken	8601 Jameel Road, Ste 170, Houston TX 77040	(281) 213-0780	3		
UT	Heninger Holdings, LLC	Heninger, Duke	2323 Decker Lake Blvd. West Valley City, UT 84119	(385) 275-1100		1	1
VA	Commonwealth Disaster Recovery, LLC.	Koppanyi, Andras	11341-B Business Center Drive N. Chesterfield, VA 23236	(804) 601-4663		2	1
VA	Mero Holdings, LLC	Harvey, Rob	11311-A Business Center Drive Richmond, VA 23236	(804) 464-8670	1		
WI	T and T Services Corporation	Freeman, Tony	1044 Parkview Road Green Bay, WI 54304	(920) 393-3691		2	1

* Unit has been terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the 2022 fiscal year.

List of Current Franchisees who have signed but not opened as of March 11, 2022

State	Franchisee	Contact	*Address*	Phone	ART	Elec.	Tex.
AR	JaJo Ozark Investments, Inc.	Talley, Clay	*2903 Shiloh Rd Searcy, AR 72143*	(501) 254-0422	2		
CA	TBD	Marlink, Terry	*To be determined*		1	1	
FL	Carpenter Private Equity Holdings, LLC	Carpenter, Kevin, and Christian	*5800 France Ave, Ste 800, Jacksonville, FL 32254*	(888) 898-8377			1
GA	BGI Services, Inc.	Wohlers, Jim	*5824 Peachtree Corners East, Suite C Peachtree Corners, GA 30092*	(770) 696-6377			1
MA	Newfslobber Enterprises, Inc	Foster, Ian	398 Cedar Hill St, Unit 6 Marlborough, MA 01752	(508) 589-4188			1
MD	Wah, LLC	Wah, Gary	4206 Shannon Drive, Bldg. 6 Rosedale, MD 21213	(410) 616-7991			1
MN	Technical Restoration Services, Inc.	Sacco, Nick, and Janessa	15400 28th Ave N Suite 300 Plymouth, MN 55447	(763) 383-9403			1

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EXHIBIT F

Table of Contents of the Operations Manual

Below you will see a Table of Contents of our Operations Manual, as of the date of this Disclosure Document. We reserve the right to modify this at any time:

Topic	Approximate Number of Pages
OPERATIONS MANUAL	
11. JumpStart (Pre-Opening Procedures)	85
12. General Operations	145
13. Sales and National Accounts	59
14. Safety Procedures	58
15. Tracking System (Electronics)	163
16. Tracking System (Art)	132
17. Affiliate Procedures (Electronics)	99
18. Art Procedures	100
19. Textile Procedures	188
20. Continuing Education	25
Total Number of Pages	1,054

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EXHIBIT G

Form of Release Agreement

(Subject to Change by Restoration Specialties Franchise Group, LLC)

THIS AGREEMENT AND RELEASE (the "Agreement") is made and entered into by and among _____ ("Franchisee") and Restoration Specialties Franchise Group, LLC ("RSFG"). All capitalized terms not defined in this Agreement have the respective meanings set forth in the Franchise Agreement (defined below). This Agreement is effective on the date we sign below (the "Effective Date").

RECITALS

A. Franchisee and RSFG are parties to a Franchise Agreement dated _____ ("Franchise Agreement").

B. [Describe the circumstances relating to the release.]

C. Subject to and as addressed with greater specificity in the terms and conditions set forth below, RSFG and Franchisee now desire to settle all disputes that may exist between them relating to the Franchise Agreement

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged Franchisee, and RSFG agree as follows:

1-3. [Note: Detail other terms and conditions of the Release.]

4. Release.

A. Franchisee and each of its respective heirs, successors, assigns, affiliates, shareholders, directors, employees, and agents, and on behalf of any other party claiming an interest through them (collectively and individually referred to as the "Franchisee Parties" for purposes of this Section 4), release and forever discharge RSFG, its predecessors, successors, and its current and former affiliates; as well as their respective past and present directors, officers, shareholders, agents, employees, heirs and assigns (collectively and individually referred to as the "RSFG Parties" for purposes of this Section 4) of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which Franchisee Parties may now or in the future own or hold, that in any way relate to the Franchise Agreement, any other agreement between Franchisee Parties and RSFG Parties, or the relationship between Franchisee Parties and RSFG Parties through the Effective Date (collectively, "Franchisee Parties Claims"), for known or unknown damages or other losses including, but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or

any other related agreement between Franchisee Parties and RSFG Parties through and including the Effective Date of this Agreement.

B. Except as noted in this Section 4.B, the RSFG Parties hereby release the Franchisee Parties from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which RSFG Parties may now or in the future own or hold, that in any way relate to the Franchise Agreement, any other agreement between RSFG Parties and Franchisee Parties, or the relationship between RSFG Parties and Franchisee Parties through the Effective Date (collectively, the "RSFG Parties Claims"), for known or unknown damages or other losses, including but not limited to any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other related agreement between RSFG Parties and Franchisee Parties through and including the Effective Date. The RSFG Parties do not release the Franchisee Parties from any obligations arising by virtue of this Agreement and claims arising from the Franchisee Parties' failure to comply with those obligations, including, without limitation, the obligations under Sections _____ of this Agreement.

C. The release of Franchisee Parties Claims as set forth in Section 4.A and RSFG Parties Claims as set forth in Section 4.B are intended by the Franchisee Parties and the RSFG Parties (collectively, the "Releasors") to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of one of the Releasors against the other Releasors regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein.

[The Releasors, for themselves, their heirs, successors, and assigns, hereby expressly, voluntarily and knowingly waive, relinquish and abandon each and every right, protection, and benefit to which they would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to said Section 1542, whether now or hereinafter existing under the laws of California or any other applicable federal and state law with jurisdiction over the parties' relationship. The Franchisee Parties acknowledge that Section 1542 of the Civil Code of the State of California provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."]

[Bracketed language for use in California only.]

In making this voluntary express waiver, the Releasors acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Releasors' intentions to settle and release all matters, regardless of the possibility of later discovered claims or facts hereby fully and forever. This Release is and shall be and remain a full, complete, and unconditional general release. The Releasors acknowledge and agree that the foregoing waiver of is an essential, integral, and material term of this Agreement and

Release. The Releasors further acknowledge and agree that no violation of this Agreement shall void the release set forth in this Section 4.

5. Acknowledgment. Franchisee acknowledges and agrees that the representations and agreements set forth in Section 4 are a material inducement to RSFG to enter into this Agreement, such that RSFG would not have entered into this Agreement in the absence of such agreements.

6. Binding Effect. This Agreement shall be binding upon, inure to the benefit of and be enforceable by Franchisee and RSFG and their respective successors and assigns.

7. Governing Law/Venue. This Agreement shall be governed by, and construed in accordance with, the law of the State of Michigan without regard to principles of conflicts of law. The parties agree that any legal proceeding relating to this Agreement or the enforcement of any provision of this Agreement shall be brought or otherwise commenced only in the State or Federal courts of Michigan.

8. Attorney's Fees. The prevailing party in any legal proceeding to enforce the terms of this Agreement is entitled to recover its reasonable attorneys' fees and costs from the non-prevailing party.

9. Entire Agreement/Amendment. The Franchise Agreement and this Agreement constitute the entire, full, and complete agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Agreement, the terms of this Agreement shall control. Except as amended hereby, all the other terms and conditions of the Franchise Agreement are ratified and confirmed. This Agreement shall not be amended except by the written agreement of the parties.

10. Representation by Counsel. Franchisee and RSFG have had the opportunity to consult with legal counsel of their respective choice with respect to this Agreement, including the full and final release of claims set forth herein.

11. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Agreement shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Agreement, or the validity or effectiveness of such provision in any other jurisdiction.

12. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Facsimile or scanned signatures shall be binding as if they were originals.

FRANCHISOR: RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By: _____ Date: _____
Its: _____

FRANCHISEE: _____

By: _____ Date: _____
Its: _____

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EXHIBIT H

State Addenda

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

A. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

B. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

C. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

D. The franchise agreement requires application of the laws of the state of Michigan. To the extent that any provision in the Franchise Agreement is inconsistent with California law, California law will control.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

a) Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your franchise agreement.

b) You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 Through 31516). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043.

c) Neither franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A.78 a et seq., suspending or expelling such persons from membership in that association or exchange.

d) We have posted a surety bond with Hartford Fire Insurance Company. This surety bond is on file with the California Department of Business Oversight.

e) The earnings claim figures in Item 19 of this Disclosure Document does not reflect costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your (franchised business). Franchisees or former franchisees, listed in this Disclosure Document, may be one source of this information.

f) OUR WEBSITE (WWW.RSFG-US.COM) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

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ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR CALIFORNIA FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated _____ between Restoration Specialties Franchise Group, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of California; (b) Franchisee is a resident of the State of California; and/or (c) the Franchised Business will be located or operated in the State of California.

2. California Business and Professions Code Sections 20000 through 20043, the California Franchise Relations Act, provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

3. We have posted a surety bond with Hartford Fire Insurance Company. This surety bond is on file with the California Department of Business Oversight

4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

5. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

FRANCHISOR: RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By: _____ Date: _____
Its: _____

FRANCHISEE: _____

By: _____ Date: _____
Its: _____

HAWAII ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND FRANCHISEE.

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ILLINOIS ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

Item 17, Additional Disclosures. The following statement is added to Item 17:

The conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void." To the extent that any provision in the Agreement is inconsistent with Illinois law, Illinois law will control.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that the Franchise Agreement may provide for arbitration in a forum outside of Illinois.

Illinois law governs the Franchise Agreement.

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ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated _____ between Restoration Specialties Franchise Group, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Illinois; (b) Franchisee is a resident of the State of Illinois; and/or (c) the Franchised Business will be located or operated in the State of Illinois.

2. The following sentence is added to the end of Section 16.I: Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that the Franchise Agreement may provide for arbitration in a forum outside of Illinois.

3. Section 16.I is amended to include the following: Notwithstanding the foregoing, Illinois Law governs the Franchise Agreement.

4. Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void." To the extent that any provision in the Franchise Agreement is inconsistent with Illinois law, Illinois law will control.

5. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

6. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

FRANCHISOR: RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By: _____ Date: _____
Its: _____

FRANCHISEE: _____

By: _____ Date: _____
Its: _____

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Item 1, Additional Disclosures. The following statements are added to Item 1:

The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 5, Initial Franchise Fee. The following statements are added to Item 5:

We have posted a surety bond with Travelers Causality and Surety Company of America. This surety bond is on file with the Maryland Securities Division.

Item 17, Additional Disclosures. The following statements are added to Item 17:

The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The "Summary" column of Item 17(H) of the Disclosure Document, pertaining to "Cause defined – defaults that cannot be cured" is supplemented to state that any provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law.

Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Section 14-227(e) of the Maryland Franchise Registration and Disclosure Law requires that any claims arising under that Law be brought within 3 years after the grant of the franchise.

Item 22, Additional Disclosures. The following statements are added to Item 22:

Item 22 of the Disclosure Document is supplemented to state that the form of general release referred to in Items 17.c. and 17.m is attached to this Disclosure Document pursuant to Maryland Franchise Registration and Disclosure Law.

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ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR MARYLAND FRANCHISEES

This Addendum to Franchise Agreement ("Franchise Agreement") dated _____ between Restoration Specialties Franchise Group, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Maryland; (b) Franchisee is a resident of the State of Maryland; and/or (c) the Franchised Business will be located or operated in the State of Maryland.

2. We have posted a surety bond with Travelers Causality and Surety Company of America. This surety bond is on file with the Maryland Securities Division.

3. The following sentence is added to the end of Section 1:

   Representations in the Franchise Agreement are not intended to, nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. The following sentence is added to the end of Sections 4.B(7) and 14.C(f):

   The general release required as a condition of renewal or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. The following sentence is added to the end of Section 16.I:

   Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

7. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

FRANCHISOR: RESTORATION SPECIALTIES FRANCHISE GROUP, LLC
By: _____ Date: _____
Its: _____

FRANCHISEE: _____
By: _____ Date: _____
Its: _____

MINNESOTA ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

Item 6, Other Fees: Note 9 is deleted in its entirety and is replaced by the following language:

> The NSF Fee currently is $30 per returned payment. NSF fees are governed by Minnesota State 604.113, which puts a cap of $30 on service charges.

Item 13, Additional Disclosure: The following statement is added to Item 13:

> We will protect your right to use the Marks or indemnify you from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the name to the extent required by Minn. Stat. Sec. 80C.12, Subd.1(g).

Item 17, Notice of Termination: The following statement is added to Item 17:

> With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute § 80C.14, subdivisions 3, 4, and 5 which requires, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

Item 17, Governing Law, Jurisdiction and Venue and Choice of Forum: The following statement is added to the cover page and Item 17:

> Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Item 17, General Release: The following statement is added to Item 17:

> Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

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ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR MINNESOTA FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated _____ between Restoration Specialties Franchise Group, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of and are incorporated into the Franchise Agreement. This addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Minnesota; (b) Franchisee is a resident of the State of Minnesota; and/or (c) the Franchised Business will be located or operated in the State of Minnesota.

2. The following sentence is added to the end of Section 8.G:

   For Minnesota franchisees, we may collect an NSF fee no greater than $30 in accordance with Minnesota State 604.113.

3. The following sentence is added to the end of Section 11.A:

   With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute § 80C.14, subdivision 3, 4, and 5 which requires, except in certain cases, that Franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the Franchise Agreement.

4. The following sentence is added to the end of Sections 4.B(7) and 14.C(f):

   Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

5. Section 13.B is deleted and replaced with the following:

   Franchisor shall be entitled to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to: (1) Franchisee's use of the Trademarks; (2) the construction and equipping of the Franchised Business; (3) the obligations of Franchisee upon termination or expiration of this Agreement; (4) a Transfer of this Agreement, any ownership interest therein or in the lease for the Franchised Business; and (5) as necessary to prohibit any act or omission by Franchisee or its employees that would constitute a violation of any applicable law, ordinance, or regulation, or which is dishonest or misleading to Franchisor and/or Franchisor's other licensees.

6. The following sentences are added to the end of Sections 12.B and 15.I:

   Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or the Franchise Agreement can abrogate or reduce any of Licensee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

FRANCHISOR: RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By: _____ Date: _____
Its: _____

FRANCHISEE: _____

By: _____ Date: _____
Its: _____

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NEW YORK ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective Rev. March 17, 2021 2 injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled **"Requirements for franchisee to renew or extend,"** and Item 17(m), entitled **"Conditions for franchisor approval of transfer":**

> However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled **"Termination by franchisee"**: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled **"Choice of forum"**, and Item 17(w), titled **"Choice of law**":

> The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York

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ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR NEW YORK FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated _____ between Restoration Specialties Franchise Group, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of New York; (b) Franchisee is a resident of the State of New York; and/or (c) the Franchised Business will be located or operated in the State of New York.

2. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

3. The following sentence is added to the end of Sections 4.B(7) and 14.C(f): Any provision in the Franchise Agreement requiring Franchisee to sign a general release of claims against Franchisor does not release any claim Franchisee may have under New York General Business Law, Article 33, Sections 680-695.

4. The following sentence is added at the end of Section 15: Franchisor will not assign its rights under the Franchise Agreement except to an assignee who in Franchisor's good faith and judgment is willing and able to assume Franchisor's obligations under the Franchise Agreement.

5. The following sentence is added to the end of Section 16.I: Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law.

6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

7. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

FRANCHISOR: RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By: _____ Date: _____
Its: _____

FRANCHISEE: _____

By: _____ Date: _____
Its: _____

NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Item 17, Additional Disclosures. The following statements are added to Item 17:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void. The laws of the State of North Dakota will govern any dispute.

Any general release the franchisee is required to assent to is not intended to nor shall it act as a release, estoppel or waiver of any liability Restoration Specialties Franchise Group, LLC may have incurred under the North Dakota Franchise Investment Law.

Covenants not to compete upon termination or expiration of the franchise agreement are generally not enforceable in the State of North Dakota, except in certain instances as provided by law.

The Franchise Agreement includes a waiver of exemplary and punitive damages. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document and Franchise Agreement.

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Restoration Specialties Franchise Group, LLC in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document and Franchise Agreement.

The Franchise Disclosure Document, Franchise Agreement and Area Development Agreement state that franchisee must consent to the jurisdiction of courts in the state of Michigan. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document, Franchise Agreement and Area Development Agreement.

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages. The Commissioner has determined this to be unfair, unjust, and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document and Franchise Agreement.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. That requirement will not apply to North Dakota franchisees and, instead the statute of limitations under North Dakota law will apply.

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR NORTH DAKOTA FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated _____ between Restoration Specialties Franchise Group, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of North Dakota; (b) Franchisee is a resident of the State of North Dakota; and/or (c) the Franchised Business will be located or operated in the State of North Dakota.

2. Any release executed in connection herewith shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.

3. Covenants not to compete are generally considered unenforceable in the State of North Dakota.

4. The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. The laws of the State of North Dakota will govern any dispute.

5. The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law. This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement.

6. The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law. This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement.

7. The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust, and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement.

8. The Franchise Agreement states that franchisee must consent to the jurisdiction of courts in the state of Michigan. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement.

9. The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. That requirement will not apply to North Dakota franchisees and, instead, the statute of limitations under North Dakota law will apply.

10. The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Restoration Specialties Franchise Group, LLC in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

FRANCHISOR: RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By: _____ Date: _____
Its: _____

FRANCHISEE: _____

By: _____ Date: _____
Its: _____

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RHODE ISLAND ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

Item 17, Additional Disclosure. The following statement is added to Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

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ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR RHODE ISLAND FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated _____ between Restoration Specialties Franchise Group, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Rhode Island; (b) Franchisee is a resident of the State of Rhode Island; and/or (c) the Franchised Business will be located or operated in the State of Rhode Island.

2. The following sentence is added to the end of Section 16.I:

   Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

FRANCHISOR: RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By: _____ Date: _____
Its: _____

FRANCHISEE: _____

By: _____ Date: _____
Its: _____

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VIRGINIA ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

Item 17, Additional Disclosure. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Franchisor for use in the Commonwealth of Virginia shall be amended as follows:

> "Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

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ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR WASHINGTON FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated _____ between Restoration Specialties Franchise Group, LLC ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights, or remedies under the Act such as a right to a jury trial may not be enforceable.

We have posted a surety bond with Hartford Fire Insurance Company. This surety bond is on file with the Washington Department of Financial Institutions Security Division.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

The undersigned does hereby acknowledge receipt of this addendum.

FRANCHISOR: RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By: _____ Date: _____
Its: _____

FRANCHISEE: _____

By: _____ Date: _____
Its: _____

WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights, or remedies under the Act such as a right to a jury trial may not be enforceable.

We have posted a surety bond with Hartford Fire Insurance Company. This surety bond is on file with the Washington Department of Financial Institutions Security Division.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

The undersigned does hereby acknowledge receipt of this addendum.

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EXHBIT I

State Effective Dates

The following states require that the Franchise Disclosure Document be registered or filed with the state, or otherwise be exempt from registration: California, Florida, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington, and Wisconsin. This disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

CALIFORNIA	Pending
FLORIDA	Pending
HAWAII	Not Applicable
ILLINOIS	Pending
INDIANA	Pending
MARYLAND	Pending
MICHIGAN	Pending
MINNESOTA	Pending
NEW YORK	Pending
NORTH DAKOTA	Pending
RHODE ISLAND	Pending
SOUTH DAKOTA	Pending
UTAH	Pending
VIRGINIA	Pending
WASHINGTON	Pending
WISCONSIN	Pending

In all other states, the effective date of this Franchise Disclosure Document is March 11, 2022

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EXHBIT J

Receipts

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RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If Restoration Specialties Franchise Group, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that Restoration Specialties Franchise Group, LLC give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan and Iowa require that Restoration Specialties Franchise Group, LLC give you this Disclosure Document at least 10 business days before the execution of the franchise or other agreement or the payment of any consideration, whichever occurs first.

If Restoration Specialties Franchise Group, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the state agency identified on Exhibit A.

Nancy Haverty of Restoration Specialties Franchise Group, LLC, act as our Franchise Seller. Her principal business address is 12001 Levan Road, Livonia, Michigan 48150, (734) 812-1065.

_____, of _____, acts as our Franchise Seller. His/her principal business address is _____.

Issuance Date: March 11, 2022

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Disclosure Document dated March 11, 2022 that included the following Exhibits:

A. List of State Administrators, Agents for Service of Process and Effective Dates
B. Financial Statements
C. Franchise Agreement (including Appendices)
D. List of Current Franchisees
E. Table of Contents to the Operations Manual
F. Form of Release Agreement
G. State Addenda
H. Effective Dates
I. Receipts

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

KEEP THIS COPY FOR YOUR RECORDS

This Disclosure Document is available by request in either paper or .pdf format, please contact michelle.justavino@prismspecialties.com.

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RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If Restoration Specialties Franchise Group, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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Nancy Haverty of Restoration Specialties Franchise Group, LLC, act as our Franchise Seller. Her principal business address is 12001 Levan Road, Livonia, Michigan 48150, (734) 812-1065.

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E. Table of Contents to the Operations Manual
F. Form of Release Agreement
G. State Addenda
H. Effective Dates
I. Receipts

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to Michelle Justavino, Restoration Specialties Franchise Group, LLC, 12001 Levan Road, Livonia, Michigan 48150, 734-890-6856, michelle.justavino@prismspecialties.com

Copy for Restoration Specialties Franchise Group, LLC